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ORGANIZATIONAL STRATEGIC PLANNING AND EXECUTION

SHOULD GOVERNMENTAL ORGANIZATIONS RELY ON STRATEGIC PLANNING FOR THE SUCCESS OF THE ORGANIZATION

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June 2007

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13. ABSTRACT

Strategic planning in both Government and private organizations is a standard practice for improving the organization's overall performance. However, there are several studies that indicate the effectiveness of the strategic planning and execution process in private industry is questionable in many cases and for various reasons. At times, the utilization of this tool yields positive results in many companies and organizations. On the other hand, the strategic plan is not utilized and becomes a costly paperweight on a table in the executive suite. Nonetheless, Government agencies have embraced the private sector's ideology of employing the strategic plan and have plowed headlong into the use of this methodology. The goal is to provide the organization with a tool that could help change or improve the direction of the organization. This project examines the implementation of strategic planning in several Government organizations that lacked the requisite direction and vision necessary to improve their performance. Accordingly, this research uncovers difficulties that some Government (Federal) agencies experienced before the implementation of strategic planning. We made note of the strong leadership and visioning that was key in guiding some of the organizations through the development of the strategic planning process. Overall, this project focuses on factors that led to new directions for Government organizations that were in dire need of this tool. It also focuses on the relationship between these factors and the degree of publicness of the agencies, and points out and describes techniques used by Federal agencies to overcome those difficulties and improve their performance.

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Strategic planning in both Government and private organizations is a standard practice for improving the organization's overall performance. However, there are several studies that indicate the effectiveness of the strategic planning and execution process in private industry is questionable in many cases and for various reasons. At times, the utilization of this tool yields positive results in many companies and organizations. On the other hand, the strategic plan is not utilized and becomes a costly paperweight on a table in the executive suite. Nonetheless, Government agencies have embraced the private sector's ideology of employing the strategic plan and have plowed headlong into the use of this methodology. The goal is to provide the organization with a tool that could help change or improve the direction of the organization. This project examines the implementation of strategic planning in several Government organizations that lacked the requisite direction and vision necessary to improve their performance. Accordingly, this research uncovers difficulties that some Government (Federal) agencies experienced before the implementation of strategic planning. We made note of the strong leadership and visioning that was key in guiding some of the organizations through the development of the strategic planning process. Overall, this project focuses on factors that led to new directions for Government organizations that were in dire need of this tool. It also focuses on the relationship between these factors and the degree of publicness of the agencies, and points out and describes techniques used by Federal agencies to overcome those difficulties and improve their performance.

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ACRONYMS AND ABBREVIATIONS

AI	-	Appreciative Inquiry
AMRDEC	-	Aviation & Missile Research, Development, & Engineering Center
BBF	-	Billion Board Feet
CEO	-	Chief Executive Officer
CFO	-	Chief Financial Officer
CTR	-	Computing, Tabulating, and Recording
DLA	-	Defense Logistics Agency
DoD	-	Department of Defense
DOE	-	Department Of Education
DOI	-	Department Of Interior
DOT	-	Department Of Transportation
DSS	-	Diplomatic Security Service
GAO	-	Government Accountability Office
GE	-	General Electric
GPRA	-	Government Performance and Results Act
HHS	-	Health and Human Services
IBM	-	International Business Machines
IT	-	Information Technology
METS	-	Measuring Excellence Through Statistics
NCS	-	National Cemetery System
OCSE	-	Office of Child Support Enforcement
OIG	-	Office of Inspector General
OMB	-	Office of Management and Budget
P&G	-	Procter and Gamble
PART	-	Program Assessment Rating Tool
PC	-	Personal Computer
PPBS	-	Planning, Programming, and Budgeting System
PPBES	-	Planning, Programming, Budget and Execution System

PSS	-	Personnel Security/Suitability
P&G	-	Procter and Gamble
SES	-	Senior Executive Service
VA	-	Veterans Affairs

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EXECUTIVE SUMMARY

Traditionally, public organizations have been reluctant to conduct strategic planning due to the political nature of their leaders, the social parameters of their mission, and the overall bureaucratic environment within their operations. However, in recent years, several Federal organizations have successfully improved their operations using strategic planning. In our research of these organizations, we found widespread attempts to implement a successful strategic planning program, multiple successes that were derived from those implementations, and significant improvements to operations overall. From the "wide spread" attempts we chose to investigate success stories from 24 different Federal agencies. Based on diversity of mission, we then chose six cases to study in-depth. We found conclusive evidence that strategic planning did significantly improve the effectiveness of these six organizations and should be routinely applied as a fundamental doctrine of normal operations. Despite their wide diversity of missions, the United States Air Force, The Office of Child Support Enforcement, The Department of Education, The State Department, The U.S. Forest Service, and The Department of Veterans Affairs all used several common and some select factors to successfully improve performance. The common factors are considered essential to successful implementation of any strategic plan for a Federal organization. The common factors include constructive discontent with the status quo, measurement of external results, leadership and consensus building within the organization, collaboration and partnering with stakeholders, and commitment to finish execution of the strategic plan. Select factors (not present in every case) included: changing or expanding on organizational culture, organizational structure, customer service, and communications. While a result of this research revealed unique challenges that some Government agencies experienced before the implementation of strategic planning, we also discovered techniques to overcome those difficulties and improve performance.

A. BACKGROUND

Some level of strategic planning implementation has been apparent in private industry for a number of years. In an effort to either maintain or improve their competitive advantage in the marketplace, private businesses initially began employing more formal and comprehensive strategic planning processes as an organizational tool to improve both operational effectiveness and efficiency throughout the organization. Strategic Planning evolved industry-wide during the 1960s with positive results. However, Public managers were slow to adopt the practice of implementing strategic planning due to the belief that their organizational goals were less definitive than those impacting the profit motive. This was especially true in instances where customers did not finance the organization's operations. Public managers began to experiment with strategic planning under the assumption that this tool would improve the efficiency and effectiveness of the organization. Initial results were scattered, partially due to the vast differences of operations between public and private organizations.

Several years of Federal budget deficits caused the American public to become increasingly critical of how Federal money was being spent. Congressional and Executive representatives agreed with the American public that those deficits had to be arrested, and a series of initiatives were launched, including the passing of a number of laws and mandates to make agencies more fiscally accountable. The passage of the Government Performance and Results Act (GPRA) was perhaps the most influential law that influenced the utilization of strategic planning in Federal organizations. This legislation became a major reform initiative that was supported by the major political parties, the President, and Congress. Vice President Al Gore used the GPRA and strategic planning to successfully re-invent some Government organizations, making them overall, more effective and efficient.

The Bush administration extended the effort a step further by demanding accountability in all Federal organizations, and required them to show how their funding would affect results in achieving national goals. The Office of Management and Budget (OMB) uses the Performance Accountability Rating Tool (PART) as the catalyst for successful strategic planning in the Federal Government by tying funding to agency performance and results. Accordingly, federal agencies are now forced to identify metrics for the achievement of national goals and budget discipline in order to be successful.

B. RESEARCH

The research conducted here allowed us the opportunity to explore factors that made strategic planning in Federal organizations successful. We initially thought that examples of successful strategic planning in Federal organizations would be rare due to the public nature of their missions. Our research found differences in public and private organizations, which included political and economic factors that defined the degree of publicness within the organizations. Kenneth C. Bailey notes the following definition of "publicness," in his extensive research of this subject:

> "Publicness" is defined as the amount and mix of economic and political authority of public organizations. The more political authority dominates, the more public the organization. The more the economic authority dominates, the more private the organization. Barry Bozeman (1987) relates the degree of publicness to organizational characteristics. He locates organizations along a public-private continuum, with the public side of this continuum including the administrative elements of Federal, state, and local Governments. The introduction of management techniques and innovations into these organizations depends on their degree of publicness. [1]

[1] Kenneth C. Baile, "A Study of Strategic Planning in Federal Organizations," Virginia Polytechnic Institute and State University (1998).

That degree of publicness could be a major cause of difficulties for public managers dealing with strategic change. The aim of this research was to place a focus on the factors that contributed to the successful implementation of strategic planning in a selected group of Federal agencies. The degree of publicness of the Federal agencies reviewed was established by the sample of agencies chosen for this project.

C. RESULTS

Despite the challenges, we found 24 different Federal agencies that had successfully performed strategic planning and as a result, improved agency performance. We then chose six agencies with highly diversified missions to study in-depth. We found that regardless of the diversity of mission, degree of publicness, or process used, all of the successful organizations concentrated on five common factors (constructive discontent with the status quo, measurement of external results, leadership and consensus building within the organization, collaboration and partnering with stakeholders, and commitment to "finish" execution of the strategic plan) and four select factors (changing or expanding organizational culture, organizational structure, customer service, and communications).

We found that most of the organizations used a variation of a strategic planning process, called "The Strategy Change Cycle" which included the following ten steps:

1. Establish a Strategic Planning Team
2. Develop a Draft Outline for the Strategy Document
3. Prepare a Detailed Process Plan
4. Define Working Groups and Their Tasks
5. Analyze the Internal Environment of the Organization
6. Analyze the External Environment
7. Identify the Key Strategic Issues
8. Formulate the Strategies

9. Define Strategic Adjustments and Actions
10. Reporting and Implementation

Several organizations had assistance in facilitating the process. We found that there are several effective processes that could be utilized. However, regardless of the process chosen, it was not as important as the four common and seven select factors mentioned above.

Despite the general perception that Federal public organizations cannot successfully employ strategic planning, our research shows just the opposite. Federal organizations can and should employ strategic planning as a routine way to improve the efficiency and effectiveness of their organizations. Implementing a strategic plan that best suits the organization has been proven to improve its overall performance.

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I. INTRODUCTION

A. SCOPE

The intent of this project is to identify some of the key factors and methodologies that contribute to the success of strategic planning initiatives in the public sector. The scope includes (a) a practical definition of Strategic Planning; (b) an overview of why organizations rely on Strategic Planning for success of the organization; (c) a look at how strategic planning is utilized in public organizations; (d) an examination of the common models and processes used in Strategic Planning; (e) a review of strategic planning theories concepts that are used and (f) what factors influence outcomes.

This project is specifically based on the review of various case studies and data points that have implemented strategic planning to some degree in their operations. By utilizing general organizational framework methodologies, an examination was conducted of where and how these methodologies can be implemented into the organization. This paper provides the reader with a clear understanding of the strategic planning and execution process and how it is implemented by Government organizations. It also offers a basic understanding of some of the factors that influence the resultant outcomes.

The reader will be able to readily discern the operational improvement in several Government organizations after they implemented the strategic planning process. We note that strong leadership and vision were key in guiding some of the organizations through the strategic planning process. Overall, this project focuses on factors that led to new directions for Government organizations some of which were in dire need of improvement. It also focuses on the relationship between these factors and the degree of publicness of the agencies, and points out and describes techniques used by Federal agencies to overcome those difficulties and improve their performance.

B. WHAT IS STRATEGIC PLANNING?

Strategic planning is the process of developing and implementing plans to achieve goals and objectives. It was initially developed and applied in the armed forces where it was known as military strategy. It became widely utilized in business activities, where it provided overall direction to companies and organizations of various types and sizes. The business purpose in utilizing strategic planning was to improve operational effectiveness and efficiency, and was referred to as "strategic management." This planning strategy was particularly helpful in the areas of financial strategies, human resource/organizational development strategies, and in information technology. Baile provides a background for the conceptual development of strategic planning with the following:

> The idea of strategic planning has historical roots in the military concept of strategy. The literature of formal strategic planning for organizations emerged in the 1960s. However, most theory and practice have been focused on the private sector, specifically in businesses and for the purpose of improving competitive position in the market. Strategic planning for public organizations is a more recent innovation—first introduced in the 1980s. It has steadily grown as an academic endeavor and tool for public managers, but is not nearly as robust as its private sector predecessor.[2]

Strategic planning in both the public and private sector is the process of determining an organization's long-term goals, how those goals will be measured, and the best approach for achieving those goals. It is a systematic method used by the organization to anticipate and adapt to expected changes. Simply put, strategic planning determines where an organization is going over the next year or more, how it's going to get there, and how it will know if it got

[2] Baile, 98.

there or not. The focus of the strategic planning process is usually on the entire organization, while the focus of a business plan is usually on a particular product, service or program.[3]

C. WHY DO ORGANIZATIONS RELY ON STRATEGIC PLANNING?

In private industry, the main objective of strategic planning is to strengthen the management decision-making process by having it recognize and address key internal and external factors that affect the business where the main performance measure is profit. It is undertaken to improve organizational performance and serves as the foundation for future management actions including the business and operational plan. It is also a means for the organization to adapt its services and activities to meet the changing needs of its environments. Strategic planning helps the organization relate to what it should be doing to meet the needs of its clients. The emphasis of the process is on developing strategies that hold promise to make the organization a leader in its category.

Strategic planning in private organizations is often considered a crucial managerial activity meant to ensure the competitive advantage for the firm. If the overall goal of the firm is economic, the firm could then seek to align itself with anticipated changes in its environment that are related to increasing its market share. Conversely, strategic planning concepts and methods are not readily adaptable to public organizations because they fail to account for political factors. They also do not relate well to economic markets. Accruing benefits from strategic planning in public organizations involves changing business-based expectations from improving the bottom line to helping agencies be more relevant, responsive, and efficient. According to Arie Halachmi, a key question in attempting to adapt private practices to public organizations is "…what is the best process to employ in order to account for factors of publicness that are

[3] Carter McNamara, MBA, PhD "Strategic Planning in nonprofit or for-profit organizations." Revised 2002.

associated with Government organizations?"[4] Halachmi further points out that, although strategic planning for public organizations has received much attention and widespread advocacy, it does not have an impressive record of success. P. C. Nutt- and R.W. Backoff contend that public Government Agencies continue to import private sector strategic management approaches that make assumptions that are not valid for organizations with a significant amount of publicness.[5] When the same assumptions are applied to private firms, the goals for achievement are significantly more clear and include: the authority to act; profit or economic purpose; responsibility for the actions that are taken; and the requisite oversight through market mechanisms.

Similarly, J. L. Perry & H. G. Rainey emphasize that differences in environments, constraints, incentives, and cultures limit the applicability of private sector ideas about mission and strategic direction to public organizations.[6] Carol Kovach and Myrna P. Mandell argue that implementation is a more critical element for public organizations mainly because unlike private businesses, public organizations must implement their plans within a multi-dimensional system of variables.[7] They suggest that the problems encountered during implementation stem from some of the following factors:

1. The absence of a market-like mechanism that stimulates improvements and provides feedback on the effect of organizational changes.
2. The lack of autonomy among public sector managers to acquire funding, and to hire, fire, reassign, and develop people.

[4] Arie Halachmi, Strategic planning: From concept to application—a symposium, 1993.

[5] P.C. Nutt and R.W. Backoff, Organizational publicness and its management implications for strategic management," 1993).

[6] L. Perry& H.G. Rainey, "The public-private distinction in organizational theory: A critique and research strategy," (1988).

[7] Carol Kovach and Myrna P. Mandell, A New Public-Sector Based Model of Strategic Management for Cities,"1990.

3. A complex network of constituencies that often have competing interests and carefully scrutinize how the organization operates, carries out its mission, and allocates resources.

Baile examines and ranks several factors that help to define publicness. These factors are listed from the most public to the least public as follows:

1. Stakeholder Influence: The number of stakeholders and the pressure exerted by them.
2. Political Influence: Pressure exerted publicly and privately by officials outside of the organization.
3. Funding: How much the organization relies on Congress or other political bodies for their money.
4. Change: How much change had to be made incrementally.
5. Oversight: Authority that comes from outside of the organization that establishes and/or regulates the organization's products and/or services.
6. Mandates: Mandates that limit the organization's autonomy.
7. Performance: Outcomes and performance are difficult to specify.
8. Competition: Other organizations that deliver similar products and/or services.
9. Citizen Influence: Citizens who impose their expectations regarding the organization's activities.
10. Goals: Goals that are difficult to specifically articulate and measure.

It is noted that several authors have indicated that the most "private" business would be characterized by a small number of customers providing all income with little or no outside influences (i.e., governing laws or regulatory bodies). It can be argued that a law firm is more private than a restaurant, which is more private than a manufacturing plant. The law firm can choose the cases it accepts limiting the number of customers and increasing the odds of success. A restaurant may face discrimination charges if it refuses to serve a potential customer. Additionally, the restaurant will likely face inspections by health department that are made public. The manufacturing plant is subject to even more regulation by multiple auditing bodies and is further removed from its

customers. Accordingly, one could draw the conclusion that all organizations would fall on a “public to private continuum.”

Except for a sole proprietorship, one individual should not undertake strategic planning. Organizations are encouraged to carry out all aspects of the strategic planning process in a team environment, headed by the President of the company or by someone at a sufficiently high level. Input to the process, however, should be sought from all levels of the organization. The team can then identify key products and services on which to focus, participate in the diagnosis of the challenges facing those key products and services, formulate strategy, and implement the plan itself. It is noted here that if there is no management buy-in/commitment to strategic planning, the process is a waste of time.

D. STRATEGIC PLANNING IN PUBLIC ORGANIZATIONS

Strategic planning for public organizations is a relatively new phenomenon compared to the extensive experience in the private sector. Some state Governments have considerable experience in related fields such as urban planning, but in general, and especially at the Federal Government level, there is little history of strategic planning. The earliest instance of formal strategic planning in Federal agencies can be traced to the 1980s, compared to the 1960s for businesses.

It is important to emphasize that all public organizations have some degree of “publicness” as well as private interests. For example, the U. S. Forest Service cultivates healthy forests as a part of their public mission. However, the organization’s private interest is to generate as much revenue as possible from the sale of timber. Conversely, a private company such as Procter and Gamble (P&G) worked its image so that it would be viewed by the general public as a “good, wholesome company” whose mission is to serve humanity. P&G’s private interest, however, is to produce as many products as possible for sale to the public in order to take advantage of the goodwill that their clean image has

generated. Regardless of the organization's strategy, however, there are problems encountered during the strategic planning process that are common. This research hypothesizes that these problems are more acute for organizations that are subject to a more political but less economic authority. Charles E. Lindblom argues that the two major alternatives for societal organization and decision-making are polyarchies and markets. He asserts that these influences are of substantial importance in determining the difference between organizations that are more heavily subject to political and hierarchical control from those that are more heavily subjected to market influences.[8] As such, that determination will have a profound impact on the degree/level of strategic planning in the organization.

Several strategic planning experts have concluded that strategic planning for the public sector could be adapted like some management initiatives are adapted to the private sector. However, this position is contrary to noted differences between public and private organizations that have already been cited. The Issue-management Approach of John M. Bryson is a good example of how the business-based strategic management process can be adapted to agencies. The argument is that management is a generic process, and although the ends may be different, the means for achieving the ends are similar no matter where the organization falls along the private-public continuum.[9] While we do not disagree with this assessment, it should be noted that it could be a monumental challenge in applying the theory to practice by adapting the process to the organization in which you currently serve.

We have found that strategic planning can be readily adapted to some public organizations. However, a focused attempt must be made to understand the publicness of the organization and how that publicness would drive

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[8] Charles E. Lindblom, "The intelligent democracy: Decision making through mutual adjustment," 1965.

[9] John M. Bryson ("Strategic planning for public and nonprofit organizations. San Francisco," 1988).

modifications to the planning process. Bryson is credited with the development of idea models that are useful in fully implementing these modifications. "The Strategy Change Cycle," is actually a planning process developed by Bryson, which describes a cyclical, strategic process. Appendix B, "Ten Steps To Strategic Planning," is an example of The Strategy Change Cycle, and details how it should be applied.

The primary reason that difficulties exist in transferring strategic management to Government agencies is due to the decision making process in some government organizations. Decision making in government is much more complex and uncertain compared to the decision-making process in the private sector. Frances S. Berry & Barton Wechsler suggest that there is much to learn about how strategic planning is conducted in public organizations, particularly regarding the relationship between processes and outcomes in public organizations.[10] These authors further suggest that it is important to study the moderating effects of political and corporate culture, administrative capacity, fiscal stress, and other variables.

Despite the limited experience and perceived difficulties, strategic planning began to acquire notable significance in Federal organizations as the provisions of the GPRA of 1993 were implemented. This Act mandated strategic planning and the development of performance plans and performance measures for every Federal agency. These strategic plans were to be submitted to the Director of the Office of Management and Budget (OMB) with a target date of September 30, 1997. Vice President Al Gore used the GPRA and strategic planning to successfully re-invent some Government organizations, thus making them more effective. The Bush administration has advanced the effort a step further, requiring Federal organizations to show how their funding affects results and achieves National goals. OMB was charged with the management and oversight of the Performance Accountability Rating Tool (PART), and in fact, is

[10] Frances S. Berry & Barton Wechsler ("State agencies' experience with strategic planning: Findings from a national survey," 1995).

using it as a means to score Government agencies. This series of events has been the catalyst for successful strategic planning in the Federal Government. It has forced agencies to identify metrics for national goals, with their budgets becoming more dependant on achieving notable measures or degrees of success. The GPRA has widespread interest in Congress, as reflected in the following comments from Representative Richard Armey, House of Representatives Majority Leader, in testimony on the GPRA to the House Government Reform and Oversight Committees:

> In conclusion, the Results Act provides this Congress, the public, and the President a management tool that has been widely used in making private business more effective. The American people, and our children's children, deserve a Government that is accountable for results, a Government that is a wise steward of their hard-earned money and a Government that directs resources to key priority areas and ensures the maximum impact for each and every Federal dollar spent. With your help, we just might give our children a better Government.[11]

A study of management processes in Federal organizations needs to address the factors in these processes that distinguish them from general management and organizational theory. In order to study Federal agencies, the concepts and variables involved should deal with the reality that the assumptions of the general management and organizational theory do not necessarily apply to these organizations. For example, it is common to impart private sector strategic planning approaches that assume clear goals, unlimited authority to act, market-based decisions, secret deliberations, and limited responsibility for actions. However, in organizations with significant amounts of publicness, these assumptions do not hold true.[12] It is therefore necessary to identify the degree of publicness of an organization for strategic planning to be effective.

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[11] Richard D. Armey, House of Representatives, Congressional Record, p. 3, 1997.

[12] P.C. Nutt and R.W. Backoff, "Strategic management of Public and Third Sector Organizations." San Francisco: Jossey Bass, Inc.

The strategic plan will help to define strategies that meet the external and internal challenges facing the organization. Having identified and defined the proper strategies for the organization and its key products and services, there remains a need to revisit or redefine the organization’s mission and vision. Strategies should be given an appropriate amount of thought and attention regarding how they will be implemented, and should never be adopted otherwise.

E. COMMON STRATEGIC PLANNING MODELS

There are a variety of perspectives and approaches that are used in strategic planning. The development of a strategic plan depends on the nature of the organization's leadership, the culture of the organization, the complexity of the organization's environment, the size of the organization, the expertise of the planners, etc. There are also a variety of strategic planning models, including goals-based, issues-based, organic, scenario, etc., even though some would assert that scenario planning is more a technique than a model.[13]

Goals-based planning is perhaps the most common model used and starts with a focus on the organization's mission, its vision and/or values, the goals that are to be achieved in working toward the mission, strategies to achieve those goals, and action planning (who will do what and by when). Issues-based strategic planning often begins by examining issues facing the organization, strategies to address those issues, and action plans.

Organic strategic planning might start by articulating the organization's vision and values and then action plans to achieve the vision while adhering to those values. Some planners prefer a particular approach to planning, such as an appreciative inquiry.

> *Appreciative Inquiry* (AI) is a major breakthrough in organization development, training and development and in "problem solving," in general. AI is based on the assertion that "problems" are often the result of our own perspectives and perceptions of phenomena, e.g., if we look at a certain priority as a "problem," then we tend to

[13] Michael Godet, “Scenarios and Strategic Management,” Butterworths (1987).

> constrain our ability to effectively address the priority and to continue to develop in our lives and work. AI is a philosophy so a variety of models, tools and techniques can be derived from that philosophy. For example, one AI-based approach to strategic planning includes identification of our best times during the best situations in the past in an organization, wishing and thinking about what worked best then, visioning what we want in the future, and building from what worked best in order to work toward our vision. The approach has revolutionized many practices, including strategic planning and organization development. [14]

Some plans are scoped to one year, many to three years, and some from five to ten years into the future. Some plans include only top-level information and no action plans. Some plans are five to eight pages long, while others can be considerably longer. Quite often, an organization's strategic planners already know much of what will go into a strategic plan. However, development of the strategic plan greatly helps to clarify the organization's plans and ensure that key leaders are all "reading from the same script."

Far more important than the strategic plan document, is the strategic planning process itself. This process, highlighted in Figure 1. consists of three distinct phases. Each phase deals with a gradually increasing level of strategic and operational focus on the information and issues defined and analyzed in the preceding phase. The process ends with the definition of a new corporate mission, a new vision of the future, a review of the current management philosophy, and implementation of the strategic plan.

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[14] Gervase R. Bush and Aniq F. Kassas, "When is Appreciative Inquiry Transformational? A Meta-Case Analysis," Journal of Applied Behavioral Science, 2005.

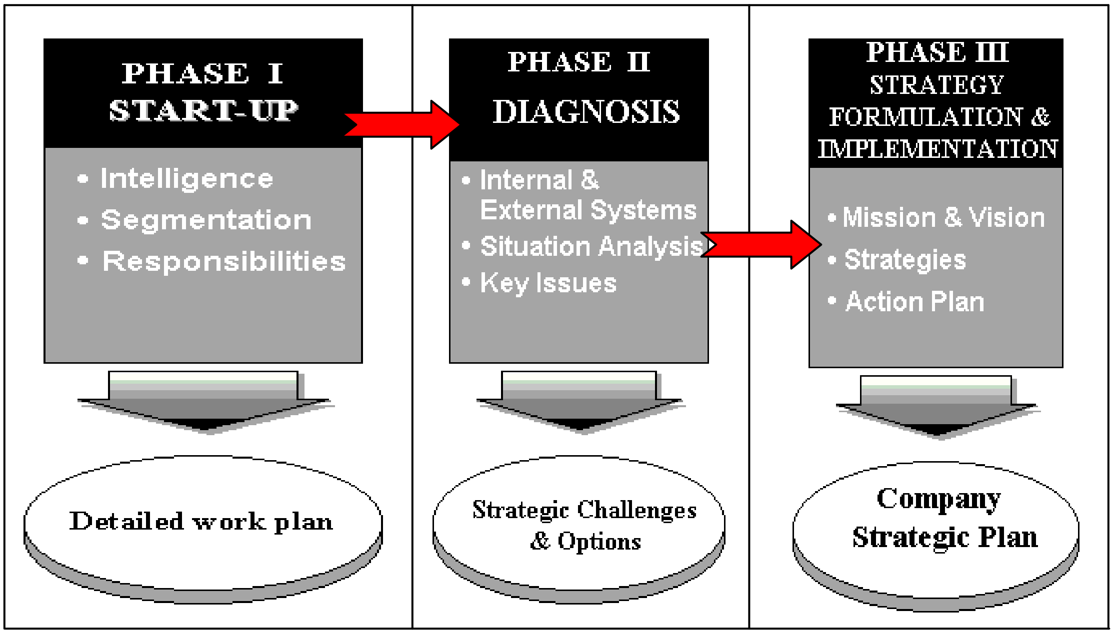

Figure 1. Strategic Planning Process

Phase I-Start-Up: This phase involves the formation of the planning team. The team will (a) key in on and segment the firm's services and markets; (b) identify key products and services within the organization as well as principal markets; (c) identify the broad information (historical or projected) requirements for the second phase; and (d) identify constraints to conducting the strategic planning process. The output of this session will be a detailed work plan to carry-on the strategic planning process.

Phase II-Diagnosis: In this phase, the planning team will (a) diagnose the external opportunities and threats and internal strengths and weaknesses facing the overall organization and each of the key products and services within the organization; (b) establish a clear understanding of the business situation; and (c) identify key issues and challenges that are to be addressed;

***Phase III- Strategy Formulation & Implementation*:** Having defined the strategies for each key product and service, you must now look at your organization as a whole and (a) develop appropriate strategies to enable key products and services and the organization itself to best respond to the

subsequent issues and challenges flowing from the diagnosis; (b) integrate your strategies into a clear vision for your business; (c) revisit your corporate mission and define your new vision, and (c) define your action plan and performance indices. Once these steps are completed, you have all the elements of your new strategic plan. It is very important that the strategic planning process be followed by an action plan to ensure the implementation of your vision. Your strategic plan will be the foundation for this business plan.[15]

The Six System Diagnostic Model (Fig. 2.) derives its name from the fact it provides for the analysis of six (6) key external and internal business systems or factors as part of the strategic planning process. Following the analysis, an identification of the challenges and corresponding issues that they pose to the organizations key products and services can be determined. The development of corresponding strategies to address those challenges follows the analysis, and the external factors can then be analyzed for each key product or service consistent with (I) the environment in which it operates; (II) its Markets and Clients; (III) the Industry that it serves and the Competition that it faces. [16]

The analysis of internal factors will include (IV) the company's marketing mix; (V) the internal resources; and (VI) a variety of inputs. The strategic plan and action plan should be revisited from time to time to determine if those plans need revision due to technological change, Government regulation, or other business environment factors that are key elements in determining the frequency of plan reviews.

[15] Carter McNamara, MBA, PhD "Strategic Planning in nonprofit or for-profit organizations."

[16] McNamara.

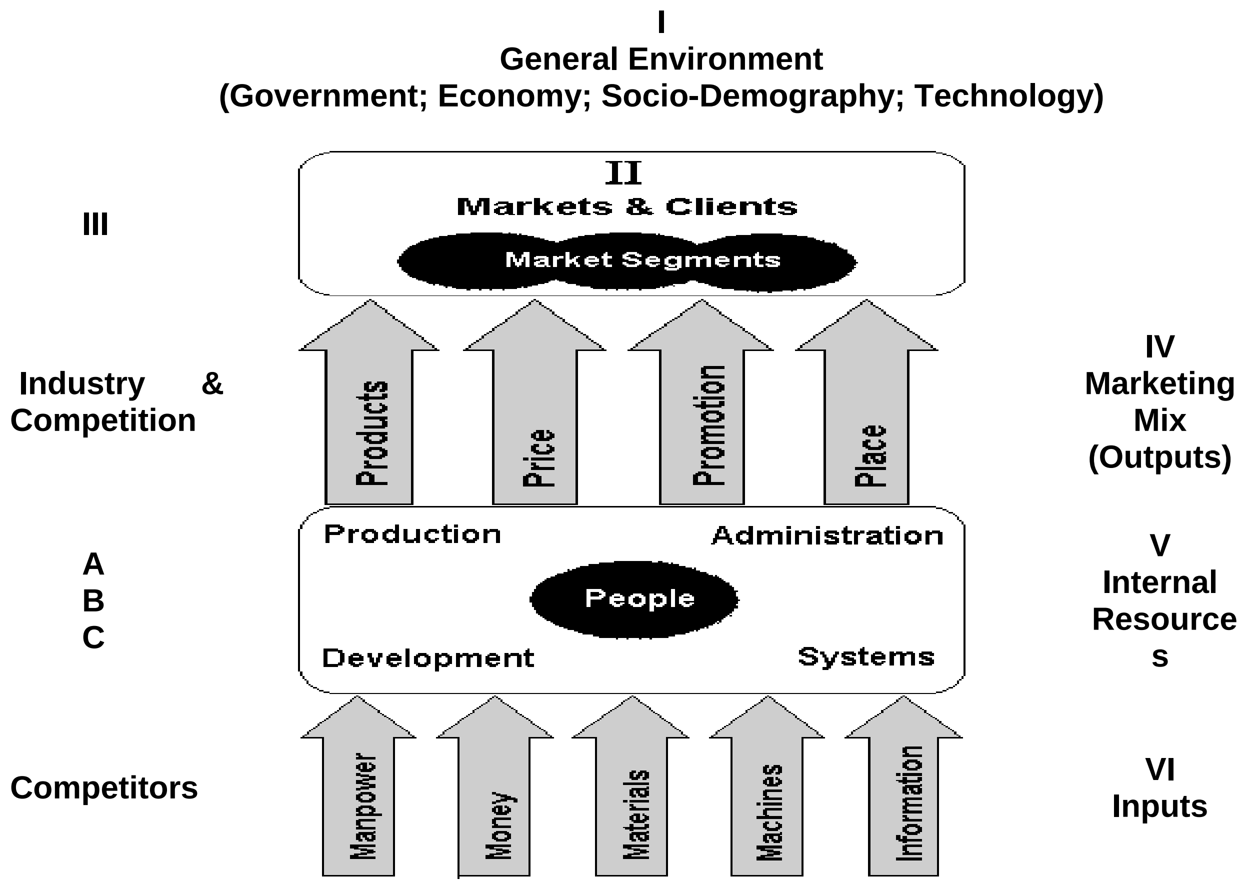

Figure 2. The Six System Diagnostic Model

For the most part, the strategic planning process helps an organization build a vision for the future by describing the characteristics, qualities and behaviors that are desired and to which all can subscribe. The process, if implemented correctly, can improve efficiency and effectiveness in the organization, particularly in the decision-making process. The planning process will also enable management to recognize and take advantage of opportunities emerging from today's business environment. Apart from contributing to the subsequent business and operational planning cycles, a significant benefit of the strategic planning process will be the team-building that takes place among decision makers within the company. This is a significant factor in the resulting strategic and business plan execution.

Figure 3. reflects the ten basic steps of strategic planning, as applied by national agricultural research organizations in the context of a recent project on "Building Performance-Based Management Systems." The steps are grouped into two main phases: (1) a preparation phase to ensure that the process is well thought-through and involves the right people at each step; and (2) a process implementation phase that involves a series of working sessions and culminates in the production of a strategic plan document. (For full text, see Appendix B)[17]

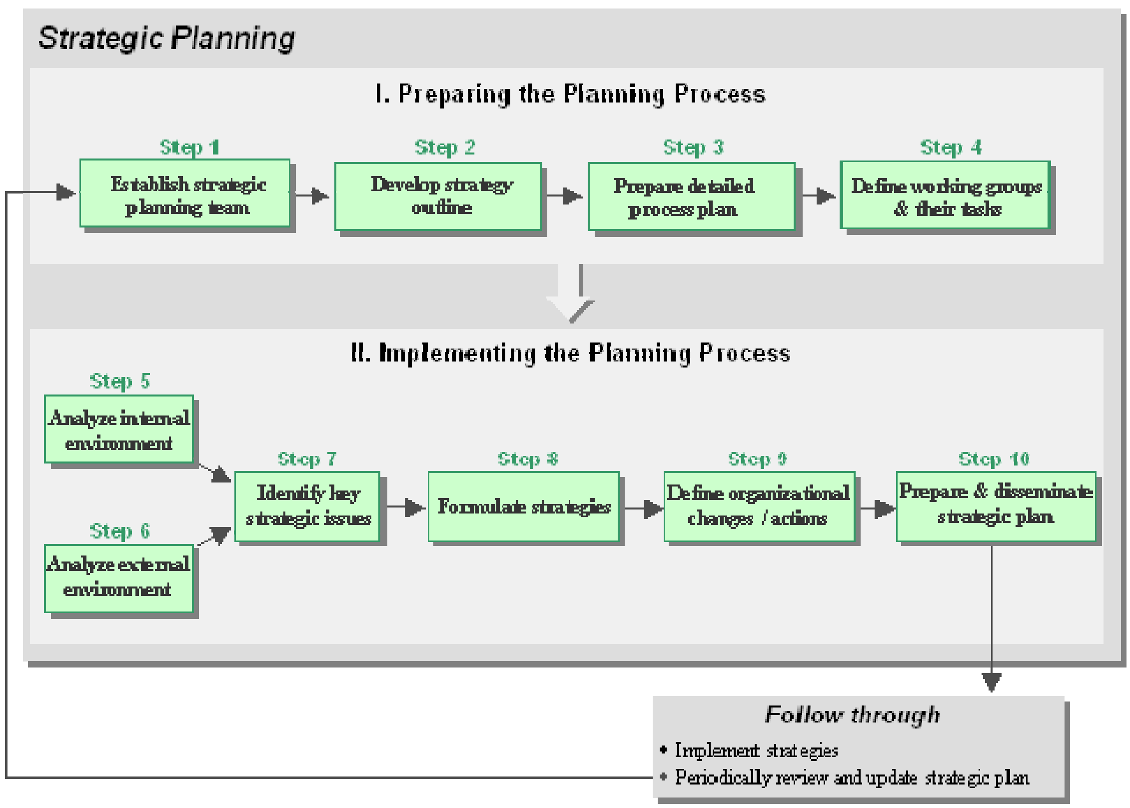

Figure 3. Strategic Planning Steps

[17] Dr. Soledad Aquino Hernando and Pamela Gracia Concepcion C. Asis, "Building Performance Based Management Systems for National Agricultural Research Systems (NARS) in Asia," July 2003.

F. APPLICATION OF THEORIES AND CONCEPTS

Strategic plans often precipitate a change in organizational structure. Structure as used here refers to degree and type of horizontal differentiation, vertical differentiation, mechanisms of coordination and control, formalization, and centralization of power. According to Frederick Taylor, Henri Fayol, Max Weber and other classical theorists, there really is a single best way for organizations to be structured. However, if that is so, why do organizations vary so significantly in structural attributes? The focus of a substantial amount of research has been to understand the determinants of these variations, that is, to help determine if an organization’s structure is random or systematic. The answer lies in determining if some organizations simply less perfect than others, and if different designs are better for different situations?[18]

Most theorists today believe that there is not a one best way to organize. The important lesson is that there should be a fit between the organization's structure, its size, its technology, and the requirements of its environment. This perspective is known as "contingency theory.” Researcher Patricia Blau's studies reflect that differentiation (number of levels, departments, job titles) increases with size, but at a decreasing rate. On the other hand, that portion of the organization that is involved in administrative overhead declines with size (as a percentage), which leads to economies of scale.[19]

An increase in size is also related to the increased structuring of organizational activities, but with a decreased concentration of power. Flexibility in personnel assignments, the extent of the delegation of authority, and the emphasis that is placed on results rather than procedures are all related to the size of the unit managed. This thread of research is directed at an investigation as to how the public character of an organization affects the strategic planning processes, the difficulties that are encountered, and the techniques that are used

[18] Stephen P. Borgatti, “Organizational Theory: Determinants of Structure,” Revised 2002.

[19] Borgatti, 1996.

to overcome those difficulties. It assumes that a deliberate strategic planning process has been used in public organizations, i.e., a planning process that has discrete elements that include the establishment of the organization's vision; an examination of its external and internal environments; the establishment of goals; and the development of action plans to achieve those goals. Most strategic planning includes these components, in spite of the fact that there is a considerable range in the specific methods used to accomplish these tasks.

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II. BACKGROUND

A. STRATEGIC PLANNING AND EXECUTION

Starting in the 1980s, public organizations adopted the ideas of corporate-style strategic planning and applied these to communities and Government agencies. Most approaches were based on previous corporate strategic planning models and include variations that account for unique public sector aspects. Many writers in the area hold that to be successful, the planning and implementation process should have specific elements that reflect the unique nature of the organization and its environment.[20] Bryson contends that for the public sector, a strategic planning process can provide qualitative improvements to the design process over conventional long-range planning. Bryson's reasoning is that strategic planning is more issue-oriented in public organizations and therefore, more suitable for politicized circumstances.[21]

The issue approach to public sector strategic planning is particularly appropriate because political decision-making starts with issues, and strategic planning is useful for forming and addressing these issues.[22] Others argue that the unique characteristics of public organizations demand an approach to strategic planning that allows for bargaining, opportunism, and response to the dynamic forces in the political environment.[23]

Although strategic planning was introduced in Federal agencies much later than in private sector organizations, the Federal Government pioneered a particular version of formalized strategic planning with the inception of the

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[20] D.C. Eadie, "Building The Capacity For Strategic Management." In J.L. Perry's (Ed.) Handbook of Public Administration (pp. 162-175). San Francisco; Jossey Bass.

[21] John M. Bryson, "Strategic Planning for Public and Non-profit Organizations." New York: Pergamon Press.

[22] Bryson, 1993.

[23] Henry Mintzberg, :The Strategy Concept: Five P's for Strategy." California Management Review, 30(1), pp.11-25, 1987.

Planning, Programming, and Budgeting System (PPBS) in the Department of Defense (DoD) in the early 1960s. DoD has continued this tradition and the system has evolved to the Planning, Programming, Budget and Execution System (PPBES). Today, considerable resources and energy are devoted to strategic planning for military force-levels and weapon system acquisition.

Conceptually, these efforts are similar to corporate strategic planning. PPBES systems can be viewed as a process for developing an investment portfolio of military manpower and materiel, along with the strategies for their acquisition and life-cycle support. In this sense, the DoD develops a portfolio, or mix of military resources, necessary to meet national objectives, allocates its present and future budgets among the resource elements of that mix, and formulate strategies for the acquisition and management of that mix of resources. PPBES was aimed at effective and efficient use of financial resources based on needs, priorities, and projected available resources. Although not strategic planning in Mintzberg, 1994 the traditional sense, PPBES was an early antecedent in the public sector.[24]

Public organizations have managers that must execute in environments that are much more complex than those in the private sector. From questions of value to democratic principles that have social influence, there are implications involved that encompass both the planning and the process. The process, for example, should embracing the organization's stakeholders and constituencies; be inclusive and open; have the goals and objectives defined in the formulation of plans; should conform to legal mandates and direction; and be based on values such as equity and fairness.

The process should also be capable of achieving specific objectives in lieu of the effect that political influences will exert. Organizational experts have proposed various models and techniques to deal with these forces even though they represent substantial roadblocks to planning in public organizations.

[24] D.J. Ott and O.F. Ott, "The Budget Process." In F. J. Lyden & E. G. Miller (Eds.), Planning Programming Budgeting (pp. 43-45). Chicago: Markha.

Organizational models that focus on issue management indicate that while issues are generated from a number of factors, explicit attention is directed to the political influences of the agency as a major driver of strategy. Jack Koteen, for example, advocates a focus on the management of strategic issues as a core concern for public and nonprofit organizations.[25] Nutt and Backoff offer a choice of “high action” type strategies for public organizations that are matched to the public sector environment. Importing private sector strategic planning into public organizations requires attention to the differences in the context in which planning takes place.[26]

These differences not only affect the design and completion of the planning process, but also affect the difficulty of implementation and the ultimate success of the planning enterprise. Although there are many differences to consider, Campbell suggests two that stand out as most important. First, in private business, strategies tend to be more clearly defined and relate to products, market share, return on investment, and profitability.[27]

Strategies that are employed by public organizations not only address broad social issues, they are often ambiguous and certainly more difficult to measure. Conversely, strategy development and implementation in private business is often confined to participants within the organization and usually for internal use.

Strategies in public organizations have significant external input, and implementation depends on the cooperation of administrative and political oversight bodies and constituent groups. For some, the pluralist nature of

[25] Jack Koteen, “Strategic Management in Public and Non-Profit Organizations.” New York: Praeger, 1991.

[26] P.C. Nutt and R. W. Backoff, “Strategic Planning for Public and Third Sector Organizations: A Handbook For Leaders. San Francisco: Jossy Bass, Inc.

[27] R.W. Campbell and J. L. Garnett, “Implementing Strategy: Models and Factors.” In Handbook of Strategic Management, (pp. 257-278) New York: Marcel Dekker.

democratic governance casts doubt on the prospect of successfully undertaking strategic planning in public agencies. William Morrow described the effect of pluralism as follows:

> Pluralism forces public administration to forfeit its ability to do rational, comprehensive planning because planning and pluralism are rooted indifferent assumptions about Government. Planning is substantive in nature and focuses on the ends of Governmental activity. Pluralism is procedural in character and focuses on providing interest groups access to centers of decision. As long as pluralism is the major operating norm of American public administration, planning, efficiency, and cooperation must yield to the requirements of representation.[28]

William Eldridge, who examined the underlying concepts that affect the success of strategic management in Government, was more extensive than Campbell in contrasting public and private organizations. He adopted a practitioner's view, arguing that cultural distinctions dictate different approaches to strategic planning in business and Government and create different expectations for successful implementation of strategic plans. He suggests that these distinctions can be organized in seven main propositions, as follows:

- Governments have less competition than business. Governments do compete with each other for resources and, in some cases, with the private sector (such as in privatization studies). However, in many cases, Governments are a monopoly for services, and there are not the same powerful incentives to maintain a competitive edge. Therefore, one of the main reasons for strategic planning in business—to be competitive—is not felt as strongly in Government organizations.
- Customer influence is likely to be weaker in Government. Governments do not depend on customers for resources. Their revenues are derived from appropriations, and they are not dependent on how the customer feels

[28] William L. Morrow, "Pluralist Legacy in American Public Administration." In R. C. Chandler's (Ed.) A Centrennial History of the American Administrative State (pp. 161-188) New York: The Free Press.

about their products or services. Even if there is a customer demand imposed on an agency, Governments are reactive, responding to this demand rather that seeking out customer needs, as private sector companies do. Strategic planning is highly dependent on determining future market requirements, and a substantial effort is devoted to scanning the environment for this purpose. It is not impossible for Governments to have a customer base, but identifying this base and tapping into it for strategic planning purposes is difficult in Government.

- Measuring Governmental work performance is more difficult. In a further breakdown of the measurement difficulty category, Eldridge adds that there are greater restraints on rewards and punishment in Government systems; a Government unit is subject to greater influence from changes in its leadership. Businesses normally use financial measures to track performance, and the data for these metrics are readily available. Few Government agencies are in a similar position. Governments find it difficult to establish yardsticks to measure performance on many programs that provide services, especially in the area of social programs. Measurement is a fundamental part of strategic control. Without measurement, there is no means for feedback and evaluation, and therefore strategies can become stagnant, decoupled from their intended effect.
- The rapid turnover of Governmental leaders causes instabilities that inhibit the developing and sustaining of a long-term strategic direction for the organization. For example, politically elected officials and appointees change at a more frequent interval compared to leaders in the private sector. The time perspective of political leaders is short; they want to introduce their ideas quickly and see results. This short-term perspective is not particularly suitable for strategic planning.
- Governments have more stakeholders and are subject to greater outside influence than are private companies. There are often political forces imposed on a Government organization from constituencies, legislative

oversight bodies, and other stakeholders that can overwhelm any attempt to set goals using classical strategic planning processes. Most often, strategic planning in business is based on a high degree of rationality, and plans are developed using analytical models and techniques.[29]

Politics also addresses questions of allocation of resources. Consider check processing at a bank. This activity is usually performed by a business unit that is highly formalized, has a great deal of specialization and division of labor, and high centralization of decision-making. In contrast, the creative section of an ad agency is usually not formalized at all, the division of labor is often blurry, and it is highly decentralized. It appears that certain activities naturally "go with" certain structures. Joan Woodward found that by knowing an organization's primary system of production, a prediction could be made regarding its structure. For example, unit production/small batch refers to companies that make one-of-a-kind custom products, or small quantities of products (e.g., ship building, aircraft manufacture, furniture maker, tailors, printers of engraved wedding invitation, surgical teams).[30]

In these companies:

- People's skills and knowledge are typically more important than the machines that are used
- It is relatively expensive to operate: work process is unpredictable, hard to pre-program or automate
- The organization is usually flat (few levels of hierarchy)
- The Chief Executive Officer (CEO) has low span of control (direct here are a relatively low percentage of managers
- There is more of an organic structure

[29] William H. Eldridge, "Why Angels Fear To Tread: A Practitioner's Observations and Solutions on Introducing Strategic Management to A Government Culture." In J. Rabin, G. J. Miller and W.B. Hildreth (EDS) Handbook of Strategic Management, (pp. 319-336), New York: Marcel Deeker (1989).

[30] Joan Woodward, "Industrial Organization: Theory and Practice." (Business Library HD 31.W64) Oxford University Press, 1965.

In spite of Eldridge's logical argument as to why strategic planning for Government should be different than for business, GPRA, or the Results Act, the most current, legally mandated, management reform initiative in the Federal sector, suggests otherwise. GPRA challenges Federal agencies to focus on results—the equivalent public "bottom line." The Government Accountability Office (GAO) states in the preface to the report "Executive Guide—Effectively Implementing the Government Performance and Results Act": "In recent years, an understanding has emerged that the Federal Government needs to be run in a more businesslike manner than in the past. As companies are accountable to shareholders, the Federal Government is accountable to taxpayers and taxpayers are demanding, as never before, that the dollars they invest in their Government be managed and spent responsibly" (GAO, 1996 p. 2).[31]

As the most recent application of strategic planning in the public sector—at least at the Federal level—GPRA requires that Federal agencies develop strategic plans covering at least five years and submit them to Congress and the OMB. Under the Results Act, agencies are required to develop results-oriented, realistic, measurable goals that are stated in definitive terms. The key planning steps for GPRA are develop strategic plans that contain mission statements and outcome-related strategic goals; develop annual performance plans with annual performance goals and indicators to measure performance; and prepare annual performance reports with information on the extent to which the agency has met its annual performance goals.

Three organizational practices have been identified as critical to successful implementation of the Results Act: organizations must (1) involve their stakeholders, (2) assess their internal and external environments, and (3) align their activities, core processes, and resources to support mission-related outcomes. There are high expectations for managerial innovations that will be introduced by the GPRA. Representative Armey in testimony before the House

[31] Executive Guide–"Effectively Implementing The Government Performance Results Act," GAO/GGD-96-118:U.S General Accounting Office.

Government Reform and Oversight Committee on October 30, 1997 stated: “If Washington is to regain the public’s trust and confidence, we must reform bloated, unresponsive and inefficient programs and agencies, and achieve a smaller, smarter, common sense Government. We must demand tangible, measurable goals, and then follow up to ensure that those targets are reached. We can no longer afford to give Federal agencies Carte Blanche.”[32]

The purpose of the Results Act is to make the Federal Government more accountable. Appendix C. provides additional information about GPRA as a part of an extensive statutory framework directed at achieving “performance-based management and accountability” in Federal agencies. Along with GPRA, this framework includes financial management statutes, such as the Chief Financial Officers Act, and information resource management statutes, such as the Clinger-Cohen Act, Federal Manager’s Financial Integrity Act, debt collection and credit reform legislation, and the Inspector General Act.

[32] Armey, 1997.

III. IDENTIFICATION OF PROJECT DATA

The research for this project encompassed a review of 24 case studies that were conducted on Federal agencies. Twenty-two of these organizations were specifically focused on agencies that were designated as pilot programs under the Government Performance Results Act. Of these, 15 were actually analyzed, with a focus on the factors that aided in the development and/or implementation of the strategic planning process. Detailed data from six of the case study analyses appear in Chapter IV and were chosen for inclusion in this paper because they represent a cross section of the factors that influenced strategic planning in the relative cases and a wide diversity of missions. It is again noted that the degree of publicness is established by the sample of the agencies examined. These selections therefore, are from a cross-section of Government agencies with a dichotomy of missions, mix of leadership, and functions that will give this research added value. Additionally, for perspective and comparative analysis, three private industry organizations were also researched for data, successes and lessons learned.

The case studies reviewed for this project include the following agencies and the focus of the planning process that was utilized:

1. <u>US ARMY AUDITING AGENCY</u>: Applying the Principles of the GPRA and Strategic Planning to the Inspector General/Audit Function of the U.S. Army Audit Agency
2. <u>US ARMY RESEARCH LABORATORY</u>: Applying the Principles of the GPRA to the Research and Development Function of the Army Research Laboratory
3. <u>US COAST GUARD</u>: Using Outcome Information to Redirect Programs: A Case Study of the Coast Guard's Pilot Project Under the Government Performance and Results Act
4. <u>INTERNAL REVENUE SERVICE</u>: Case Study on the Strategic Management Process at the Internal Revenue Service

5. **VETERANS AFFAIRS:** GPRA Case Study: Department of Veterans Affairs, National Cemetery System
6. NATIONAL PARK SERVICE: Use of Strategic Planning and Reinvention and Implementation of the GPRA at the National Park Service's Denver Service Center
7. HOUSING AND URBAN DEVELOPMENT: The Department of Housing and Urban Development's Public Housing Assessment Program
8. NATIONAL AERONAUTIC and SPACE ADMINISTRATION (NASA): Strategic Planning and Strategic Management within National Aeronautics and Space Administration
9. **STATE DEPARTMENT:** The Department of State Personnel Security/Suitability (PSS) Division Performance Measurement Pilot Project
10. DEPARTMENT OF ENERGY: Use and Development of Performance Measures in the Energy Information Administration
11. PENSION BENEFIT GUARANTY CORPORATION: The Pension Benefit Guaranty Corporation and Its Early Warning Program
12. INTER-AMERICAN FOUNDATION: Development and Use of Outcome Information in Government: the InterAmerican Foundation Experience
13. HEALTH and HUMAN SERVICES: The Public Health Service Healthy People Program: Objectives-Setting for Improved Health
14. NATIONAL SCIENCE FOUNDATION: Strategic Planning at the National Science Foundation
15. **HEALTH and HUMAN SERVICES:** Strategic Planning in the Office of Child Support Enforcement
16. DEPARTMENT OF TRANSPORTATION: The National Highway Traffic Safety Administration Case Study: Strategic Planning and Performance Management

17. ENVIRONMENTAL PROTECTION AGENCY: Use of Performance Information in the Environmental Protection Agency's Chesapeake Bay Program
18. DEFENSE LOGISTICS AGENCY: Strategic Planning at the Defense Logistics Agency (DLA)
19. BUREAU OF LAND MANAGEMENT: Use of Strategic Planning at the Bureau of Land Management
20. **DEPARTMENT OF EDUCATION:** Strategic Planning and Performance Management: the U.S. Department of Education's Experience
21. SOCIAL SECURITY ADMINISTRATION: A Case Study of Strategic Planning in Government: The Social Security Administration
22. NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION: Strategic Planning in the National Weather Service
23. **FOREST SERVICE:** The U. S. Forest Service Capital Assets Management Program
24. **UNITED STATES AIR FORCE:** Corporate Strategic Planning in Government: Lessons from the United States Air Force

The cumulative factors that were identified from the cases reviewed are as follows:

- Performance Measures/Indicators
- Commitment by Management
- Employee Participation (Buy-in)
- Government Performance Results Act
- Stakeholders (internal/external)
- Customer Service
- Leadership/Visioning
- Long Range Planning
- Funding

- Communication
- Organizational Structure (including reorganizations)
- Culture

The six cases that were selected for in-depth analysis of the factors that led to success in strategic planning, along with their degree of publicness" identified for each case are as follows:

1. Corporate Strategic Planning in Government: Lessons from the United States Air Force

Factors that were instrumental to the success of this strategic plan include:

- Leadership
- Visioning
- Stakeholders, etc

Degree of Publicness: The Air Force is a very public organization. There is tremendous political influence exerted by many officials; the agency relies almost totally on Congress for its funding; and there are multiple "stakeholders" that have a vested interest in decisions. Given these factors, the Air Force was still relatively autonomous, and in this particular strategic plan, many of the "publicness" factors did not exert much influence.

2. Strategic Planning in the Office of Child Support Enforcement

Factors that were instrumental to the success of this strategic plan include:

- Performance Measures/Indicators/GPRA
- Stakeholders
- Partnerships
- Communications
- Culture

Degree of Publicness: The Office of Child Support Enforcement was the most public organization that we researched. There was tremendous political

influence exerted by many officials and the agency relied totally on Congress for its funding. Because each case represented at least two and generally more “customers,” there were multiple “stakeholders” that have a vested interest in decisions. There was no market-like mechanism to stimulate improvements or provide feedback on the effect of organizational changes. There were also multiple “executing” organizations that all had individual agendas. In addition, the agencies’ mission was to address social issues with varied public opinion.

3. <u>Strategic Planning and Performance Management: the U.S. Department of Education's Experience</u>

Factors that were instrumental to the success of this strategic plan include:

- Performance Measures/Indicators
- Leadership
- Stakeholders
- Partnerships
- Organizational Structure

<u>Degree of Publicness</u>: The US Department of Education was a very public organization. There was tremendous political influence exerted by many officials and the agency relied totally on Congress for its funding. Because each case represented at least one and generally more “customers,” there were multiple “stakeholders” that had a vested interest in decision-making. There was no market-like mechanism to stimulate improvements or provide feedback on the effect of organizational changes. Also, there were multiple “executing” organizations with individual agendas. In addition, the agencies’ mission was to address social issues. The organization did have some autonomy in deciding criteria by which people qualified for their programs. This was a very public organization that found it difficult to quantify definitive results that contributed to national goals.

4. The Department of State Personnel Security/Suitability (PSS) Division Performance Measurement Pilot Project

Factors that were instrumental to the success of this strategic plan include:

- Performance Measures/Indicators
- Commitment By Management
- Employee Participation (Buy-in)

Degree of Publicness: The Department of State appeared on the surface to be a very public organization. There was tremendous political influence exerted by many officials and they relied totally on Congress for their funding. The Department answered only to the President and most goals are internally generated, tracked and reported. This point is underscored by the research conducted in this case. Here, strategic planning was focused on one division's service to another in the same department. Accordingly, the strategic planning process was closer to private industry than most we researched.

5. The U. S. Forest Service Capital Asset Management Program

Factors that were instrumental to the success of this strategic plan include:

- Performance Measures/GPRA
- Funding
- Stakeholders
- Culture

Degree of Publicness: The Forest Service was a very public organization. There was tremendous political influence exerted by many officials and they relied on Congress for part of their funding. In addition, they were restricted from generating other income from timber sales that could have made them more autonomous. The focus of this strategic plan was on Capital assets. As it applied to this topic, the Forest Service had a lot of autonomy and was subject to

market-like mechanisms that were stimulating the improvements. Accordingly, the Forest Service in this case acted more like a private firm than it normally would.

6. <u>GPRA Case Study: Department of Veterans Affairs, National Cemetery System</u>

Factors that were instrumental to the success of this strategic plan include:

- Government Performance and Results Act (GPRA)
- Customer Service

<u>Degree of Publicness</u>: The Department of Veterans Affairs was a very public organization. There were tremendous political influences exerted by many officials and they relied totally on Congress for their funding. Since each case would have generally represented many “customers”, there were multiple “stakeholders” that had a vested interest in decisions. There was no market-like mechanism to stimulate improvements or provide feedback on the effect of organizational changes. In addition, there were multiple “executing” organizations each with individual agendas. The VA was shielded from most adverse public opinion and they did provide a direct service for a distinct set of customers. Accordingly, this case had a mix of public and private influences.

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IV. DETAILED CASE STUDY DATA

The following is a compilation of the case studies researched for this project. Each case study yielded factors common to successful strategic planning and execution in Government organizations.

A. UNITED STATES AIR FORCE

1. Factors

This case study focuses on the following factors that contributed to the strategic planning process of the Air Force during the mid-1990s:

- Leadership/Visioning – General Ronald Fogleman was a catalyst for the Air Force throughout his leadership tenure with his visioning efforts and planning ideas demonstrated while serving as Air Force Chief of Staff.

- Long Range Planning - By planning further into the future than anyone had previously done, the Air Force was able to better assess the goals for future Air Force programs and space superiority.

- Stakeholders - The key stakeholders embraced the visioning and planning processes of looking and planning further into the future.

2. Background

The information used for this case study comes from the November 2000 case study report titled "Corporate Strategic Planning in Government: Lessons from the United States Air Force", authored by Georgetown University Professor Colin Campbell. This case describes the difficulties experienced by the United States Air Force in creating and developing a long-range corporate plan, and the lessons learned that were gained from that experience.

According to Professor Campbell, the Federal Government had historically experienced minimal success in the area of long-range strategic or corporate planning. Campbell described the efforts of the United States Air Force to gaze 25 years into the future when developing a long-range corporate strategic plan. He noted that although looking 25 years into the future might sound impractical,

the benefits of applying long-range thinking to Government programs could be clearly seen. In his report, Campbell recommended the development of realistic goals and emphasized the importance of senior leadership.

Professor Campbell also addresses the assessment of Air Force corporate strategic planning under the leadership of General Ronald Fogleman, who served as Air Force Chief of Staff from 1994 to 1997. During General Fogleman's tenure, the Air Force launched a thorough examination of its future in a document titled "*Global Engagement.*" This document served as an excellent example where a highly regarded and persistent leader brought a large organization to commit to an intense effort in visioning its future with a critical reevaluation of existing programmatic commitments and priorities.

At the time of Campbell's report, the Air Force was operating in what could be described as an era of short-term planning. Campbell offered practical advice on undertaking long-range corporate strategic planning based on the experiences of the Air Force. This analysis will address the two major attributes recommended by Campbell and their effects to the Air Force.

3. Leadership/Visioning

Leadership, in Federal agencies, usually involves both political appointees and career officials. For organizations to be successful, these individuals must embrace the challenge of coherently directing both visioning and planning. In most instances, this requires trust and close collaborative dynamics within an organization.

General Fogleman clearly expressed two major issues faced by the Air Force. These two issues were that the Air Force had lost it innovative edge by basing its modernization plans for future periods on projections of existing programs and second, the Air Force would undergo a significant transition over the next 25 years from a fixed-wing aircraft culture, to one where many of its missions will be executed from space. Convinced that other Air Force leaders had not begun to think of the long-term future needs and goals of the agency,

General Fogleman instituted a process to address these concerns. In doing so, a better commitment in future visioning and collective evaluation of programmatic requirements using a consultative methodology was implemented.

It should be noted that the core mission of the Air Force requires that the agency look further into the future than most other organizations, both public and private. A major dilemma faced by the Air Force was the number of key stakeholders, both internally and externally, who had a voice in the decision-making process. Having these key stakeholders embrace the visioning and planning processes, which are so vital to the success of an organization, would not be an easy task.

General Folgeman started visioning and planning sessions, which many of the participants believed was similar to looking into a crystal ball. This skepticism was based mostly on the idea that due to limited resources, investments in long-term future projects would leave the Air Force lacking in terms of meeting current capabilities and short-term mission requirements. There was also a concern that the Air Force integration with command and control had slipped in technological innovation to the point where space was ignored as a platform.

General Fogleman wanted Air Force leadership to institutionalize long-range planning to the extent that visioning would occur on a continuous basis and programmatic commitments would be more directly addressed. As a part of his visioning process, he helped initiate the establishment of an Air Force Board of Directors to provide the leadership necessary to guide the Air Force with a realistic vision for the future.

During General Fogleman's tenure, the Air Force could have been labeled a visioning organization; that is to try different things and determine what works and what doesn't work. General Fogleman clearly attempted to discover what would work in promoting his vision for the Air Force and where potential shortfalls in the mission of the Air Force existed.

The Air Force today, eagerly pursues the strategic planning process. Although the planning process itself has been periodically revised and refined, the aspiration of General Fogleman to have the process institutionalized for reflection of future needs has been finally realized. The Air Force has devised a viable and convincing framework for visioning and planning. The Air Force also relies on scenario building and war-gaming processes due to the fact that the visioning and planning focuses far into the future.

The success of implementing new processes depends substantially on the qualities of the leadership of the Air Force and the extent to which that leadership is involved in the strategic planning process. Although the Air Force did not have a written corporate or strategic plan to begin with, the focus, position, and leadership of its primary advocate were all key elements in the construction of the vision document "*Global Engagement*." Once the visioning plan was prioritized and integrated into management's prospectus, it was not only institutionalized as a process to be followed in the future, but it is now embraced, shared, updated as needed, and refined to reflect future changes that organizations will experience.

4. Long Range Planning

The Air Force proved that, while difficult, long-range planning in Government agencies is possible. The result of the Air Force's experience confirms that there is a clear benefit to long-range planning. While an attempt to look 25 years into the future might not seem practical to some agencies, it is certainly not the case with other Government organizations such as the Social Security Administration or Medicare. Such an exercise might be entirely worthwhile when the financial crisis they may be destined to experience is considered. An agency such as the National Park Service might find it beneficial to undertake an exercise that peers 25 years into the future in order to better

handle the mounting traffic problems the agency believes that it will encounter. All of these issues are key to the visioning process that is a part of long-range planning.

Professor Campbell noted that the planning function integrated into the Air Force strategic plan had to have a very strong link to critical DoD resource allocation and management processes. The updates to the strategic plan had to complement and improve existing Air Force planning and programming processes. The Chief of Staff of the Air Force established a formal organization for long-range planning called Air Force XP to help meet the goals set forth in the strategic plan.

The level of long-range planning and execution as experienced by the Air Force did not occur without problems. Campbell notes that General Fogleman initially set the outward limits to the process at 30 years instead of 25. In doing so, General Fogleman may have harmed the process by setting a limit too far into the future. The lesson learned was that a tighter schedule makes it easier for members to clearly see the connection between the present and the future.

B. HEALTH AND HUMAN SERVICES – OFFICE OF CHILD SUPPORT ENFORCEMENT (OCSE)

1. Factors

This case study focuses on the following factors that contributed to the strategic planning process of OCSE during the early-1990s:

- Performance Measures/Indicators/GPRA: Formed a "Children First" focus and then established success measures for the states that included case loads, dollars collected, and number of children serviced.

- Stakeholders: Coordination with multiple stakeholders was critical to success.

- Partnerships: This was a natural Federal/State partnership since the states executed the program with Federal money.

- Communications: With a Federal program administrated by 50 states, communication is essential.

- Culture: In this case, the culture of society (views about parental responsibility) made as much difference as within the organizations.

2. Background

OCSE was established as an agency at the Federal level with the enactment of Title IV-D of the Social Security Act of 1975. This agency was specifically created for the purpose of "establishing and enforcing the support obligations owed by non-custodial parents to their children, and the spouse or former spouse with whom the children may be living." While OCSE programs are federally funded, they are administered by State and local governments and represent a typical Federal/State partnership. Accordingly, the responsibility of the States included enforcing support obligations that are owed by non-custodial parents; locating absent parents; establishing paternity; and securing both child and spousal support. The Federal Government's role was to fund, monitor, evaluate and provide technical assistance and policy direction. Specifically, the "partnership" referred to above was dysfunctional at best and primarily consisted of the OCSE directing the States on how the funding was to be used, then auditing them to make sure that the Federal guidelines were followed. The States were not consulted on initiatives, policy formulation, or requirements, and communication was lacking on many levels. While Federal audits of the States yielded some performance measurement statistics, it was legislation that was considered the primary factor that compelled both the OCSE and the States to conduct formalized strategic planning and execution. The agency already had some definitive metrics at its disposal including a caseload of more than 17 million cases; goals for established paternities; amount of dollars collected; number of children serviced, etc. These outputs were readily measurable and could be counted with a greater ease than many other programs.

3. Initiative

The Government Performance Results Act and the National Performance Review and Welfare reform, coupled with a Presidential Executive Order on Regulatory Reinvention were all factors that influenced the development of strategic planning efforts by OCSE. There were also other on-going initiatives between the agency and the states that made an impact, such as the "Measuring Excellence Through Statistics (METS) initiative. While these initiatives assured that there would be plenty of tools available to measure the desired outputs from the states, it also made the states nervous that additional oversight was coming. Welfare reform, for example, arrived with additional legislation that implemented incentive funding for the states that was tied to the states' performance in various categories. Given the Federal Government's past performance of giving directions to the States without consultation only heightened the sensitivity of an already strained relationship.

OCSE had attempted strategic planning exercises during the 1980's. As such, the agency was somewhat familiar with a part of the process, even though those exercises were top-down exercises and directed by the Department of Health and Human Services (HHS). Accordingly, there was no real ownership of these plans by the agency, and because they were formulated only at the Federal level, there was very little input considered by the States. However, GPRA mandated that, any strategic planning efforts pursued by the agency, include the States as partners/owners. This was particularly important since it was the states that were saddled with the responsibility to implement the program.

OCSE used every opportunity to include all of the stakeholders in this project. Consequentially, all partners on the viability of the plan reached consensus after ten months of intense effort. While the plan initially did not

include performance indicators, what resulted was a blueprint that everyone could embrace that was known as the “National Child Support Enforcement Strategic Plan.”

Performance indicators were not included in the initial plans because various states were at different points of development and execution within their programs. Technical details are of critical importance to measurement, and this was where differences among state programs were most significant. The states had a natural tendency to revise goals and objectives to fit the measure. Therefore, the most effective process in performance measurement was to produce performance indicators after the goals and objectives were set. The development of the OCSE strategic plan involved high-level officials from the very beginning, including Mary Jo Bane, Assistant Secretary for Children and Families, and statutory OCSE Director; Judge David Gray Ross, OCSE's Deputy Director; Anne Donovan, a former State IV-D director, who was hired to head the GPRA Task Force; and officials from the Office of Management and Budget, Health and Human Services, State and Federal partners, and Congressional staff.

The “Results Oriented” methodology used by OCSE was the development of “goals and objectives” by which the States, and ultimately OCSE, would be measured. The focus of this development was captured in the phrase, “Children First.” This focus was evident throughout the strategic plan, and goals and objectives were listed at every opportunity. The strengthened partnership between OCSE and the States yielded significant outcomes. These included a greater communication between all parties, and flexibility in the goals and objectives that encouraged innovation and creativity. Additionally, specific approaches included improving the consistency and uniformity in service delivery while eliminating conflicting program policies.

C. DEPARTMENT OF EDUCATION

1. Factors

The information below addresses the following factors that led to the foray into strategic planning for the Department of Education (DOE).

- Performance Measures/Indicators: Helping elementary and secondary students reach high academic standards; creating a comprehensive school-to-work system, promoting access to high quality postsecondary education and lifelong learning; and transforming the DOE into a high performance organization.
- Leadership: Making the sweeping changes necessary required leadership at the top and throughout the organization.
- Stakeholders: Multiple stakeholders that included the DOE, state and local school systems, and individual students.
- Partnerships: This was a natural Federal/State/Local/citizen partnership.
- Organizational Structure: The DOE completely re-organized to be able to achieve its stated objectives.

2. Background

In terms of size, the Department of Education was a small agency with less than 5,000 employees. The basic function of the agency was to provide grants and student loans for higher education; provide research and information on best practices in education; provide aid to children and adults with disabilities; and ensure that publicly funded schools and education programs observe civil rights laws. Even though the agency was small in terms of personnel size, the Department of Education controls a budget of nearly $30B and administers approximately 180 programs. The department also provides nearly 70% of all post-secondary student financial aid.

The need for reform of the Department of Education was capsulated in a 1993 report from the General Accounting Office, which issued a review of the agency's operations. The following deficiencies were disclosed:

- Lack of management vision
- Little commitment to management by Education Department leadership
- Critical need to improve basic management systems
- Poor human resource management
- No formal planning process
- Need for a cultural change because of a focus on short-term issues; highly centralized decision-making; and poor internal communications

3. Initiative

This report was the catalyst that influenced the cabinet and staff of the Clinton Administration to restructure the role of the Department of Education. Because of the management problems, the Vice-President's reinvention initiative was a major factor that resulted in the introduction of modern business practices to the department that was built around quality service. The objective of this legislation was an attempt to change the culture, not only of the Department of Education, but of Government agencies in general. In addition, the GPRA required the development of a formal strategic plan. It also required the development of annual performance plans that included measurable progress as a part of a continuous improvement process.

Several other elements were also key to the development of the agency's strategic planning process. They included:

- *Addressing the agency's operating environment since it did not fit a traditional planning structure.*
- *Addressing the Department's goals in light of the dependence on working in partnership with other systems to achieve those goals.* Except for the Direct Loan student aid program and civil rights investigations, Department of Education rarely provides direct services to individuals. Yet

the ultimate audience is not the institutions involved but students and teachers. Further, the Department's goals usually involve many players and very large target populations. In addition, the systems involved are very complex. For example, the elementary and secondary education system involves education and other state agencies, local school districts and service providers, universities and colleges, and national organizations concerned with educational standards and improvement.

- *Funding for particular services or specific target populations.* The agency's funding is a small percentage of the overall amount spent on education. Overall numbers belie Department of Education's importance for total national spending on particular activities. Department of Education's assistance is important to fill gaps such as student financial aid, elementary and secondary teacher and professional training, and compensatory education for disadvantaged elementary and secondary school children.
- *Many stakeholder groups.* The programs managed by the Department of Education affect most Americans in some way.
- *Addressing the agency's organizational structure.* Being responsive to its customers is essential to the Department of Education's mission, and individual constituencies want their own lines of communication into the Department to ensure that their particular needs are appropriately addressed. The cumulative effects are challenging. For its plan, the Department of Education needed to identify an overall strategic framework, which could cut across organizational boundaries to ensure coordinated operations of key processes. Not every agency would need to do this when developing its strategic plan.

It is noted here that the way the agency was dysfunctional due primarily to the way that it was organized. The agency was comprised of 17 different/distinct program and staff offices; had no consistent team management structures; and lacked a coordinated organizational support structure. As a result of the strategic

planning effort, the agency evolved into a “starship” management structure (Fig. 1.4), which consisted of an executive management council, political staff, heads of key staff offices, and a reinvention coordinating council. The new organizational structure was then able to focus on executing legislative initiatives and reform of key management processes, where the original management structure could not.

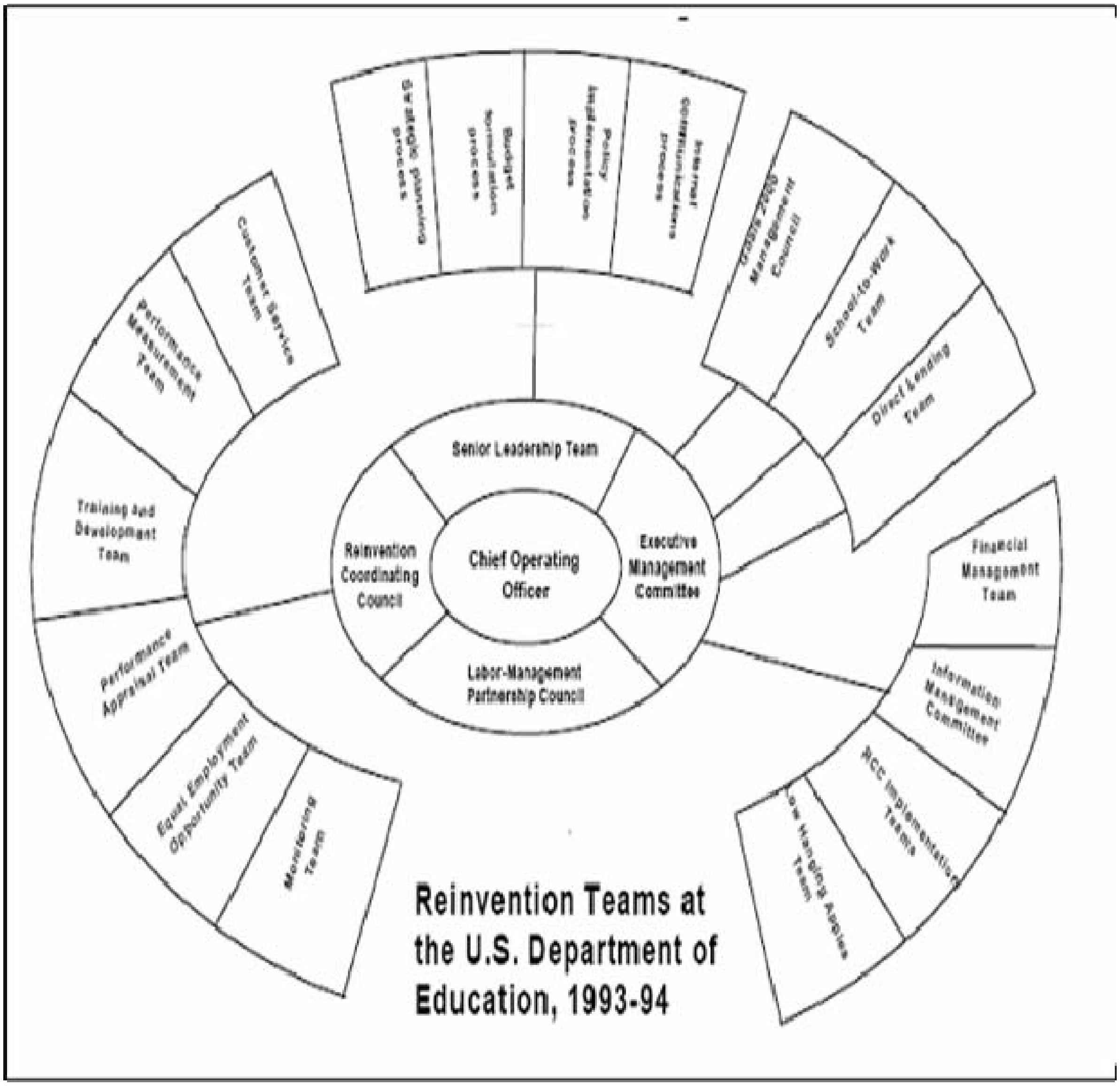

Figure 4. Starship Management Structure

D. STATE DEPARTMENT

1. Factors

The information below addresses the following factors that lead to the foray into strategic planning for the Department of State Diplomatic Security Service Personnel Security/Suitability (PSS) Division.

- Performance Measures/Indicators: The main metric used was the processing times for security clearances. Over the course of two years, the processing times were reduced 10%.
- Commitment by Management: The commitment by PSS management at all levels was extremely vital for validating and committing the necessary resources required in meeting the desired goals and objectives.
- Employee Participation (Buy-in): PSS employees bought-in to the procedural changes and reorganization that PSS intended to implement.

2. Background

Diplomatic security within the U.S. Department of State was formally established in 1916 under then Secretary Robert Lansing. Field offices in Washington D.C. and New York City conducted sensitive investigations on the operations of foreign agents in the United States. In late 1985, the Bureau of Diplomatic Security and the Diplomatic Security Service (DSS) were officially established, followed in 1986 by the signing of the Omnibus Diplomatic Security and Antiterrorism Act. As a result, the Bureau now operates with a clearly defined mandate that is outlined in legislation and structured along the lines of other Federal law enforcement, security, and intelligence agencies.

Today, (PSS) is a division within the Diplomatic Security Service at the Department of State. It consists of 65 agents that primarily perform background investigations for security clearance requests. It is noted that PSS is the smallest

entity that we reviewed as a part of this research. In spite of this fact, the Division was still able to benefit from the strategic planning process.

3. Initiative

Once PSS began the Pilot Project, it identified security clearance processing times as a key performance indictor. PSS analyzed their processes from the customer's point of view, and identified and examined the priorities of their stakeholders. The Division determined that their customers desired a shorter lead-time for security clearances and established a ten percent reduction in processing time as a goal.

To achieve this goal, PSS would have to improve their clearance turnaround time of at least ten working days on SECRET and TOP SECRET clearances. The two most significant factors that affected the Division's performance were (1) the lack of training of agents responsible for processing clearances; and (2) the excessive paperwork required for each clearance. The Division solved these problems by requiring the necessary training of its agents and by integrating automation into the processing of clearances. Because of these changes, the average processing time initially increased. However, over the new two years, the processing time was reduced so that PSS met their reduction goal of ten percent. PSS continues to assess processes and procedures to obtain improved increases in productivity measurements.

4. Commitment by Management

PSS management demonstrated a commitment to successful performance improvements through their participation and support throughout the pilot program. PSS line managers provided input into the development of all aspects of the performance measurements and their performance indicators. PSS senior management supported the training and automation initiatives identified in the strategic plan. Without this support, the improvement in processing time and unit cost reduction would not have been achieved. The

commitment by PSS management at all levels was extremely vital for validating and committing the necessary resources required in meeting the desired goals and objectives.

5. Employee Participation (Buy-In)

The eventual success of the pilot project was also dependent on the initiative and willingness of the PSS staff to take on the extra challenges required to improve in all areas identified within the strategic plan. PSS found that as employee participation increases, an increased sense of ownership and commitment follows. PSS employees bought-in to the procedural changes and reorganization that PSS intended to implement. They were aware of the changes that needed to be addressed and understood the impact necessary to rectify the untimely processes in place. Having bought into these changes, PSS employees found a smooth transition into a better working environment where tasking and processes were efficiently implemented.

E. FOREST SERVICE CAPITAL ASSETS

1. Factors

The information below addresses the factors that lead to the foray into strategic planning for the Forest Service Capital Assets.

- Performance Measures: The metric that the Forest Service used was its maintenance backlog in terms of the cost to put all of the existing capital assets in proper working order. At the time that Strategic Planning ensued, the backlog was $13B and growing. Additionally, the agency could not definitively say how the capital assets (and maintenance) contributed to National goals. This concern was sparked by the Bush Administration's PART scorecard. The FS needed to reduce the backlog and infrastructure burden.
- Funding: The maintenance backlog was roughly 26 times the annual budget of the agency. Since funding could not show positive results

that contributed to national goals, the agency's budget was cut in the President's budget request. Only a positive trend in results could restore the funding levels.

- Stakeholders: Shareholders included Forest Service employees who generally used the assets to perform their jobs. They also included customers (general public) who used the assets for recreation and who demanded that social goals be met (i.e., protect the environment and endangered species).
- Culture: The Forest Service has a decentralized culture. Decisions on Capital Assets were made at the local level. De-commissioning of assets was rare.

2. Background

As Americans moved west in the late 1800's, they adopted traditional timber cutting, farming, mining, and homesteading practices that had been economically successful in the east. However, the ecological balances were more fragile in the arid west so the traditional practices had a devastating effect on the land and its inhabitants. Different groups with opposing goals began competing for the natural resources. The competition turned violent with range wars and land-grabbing being common. Peace and recovery followed with the establishment of the Forest Service in 1905. The agency became financially self sufficient through the sale of timber. Today the Forest Service:

- Is responsible for 196 National Forests, 22 National Grasslands, and about a dozen historical and heritage sites
- Manages 191 million acres of land, the size of Texas and Kentucky.
- Operates 8 research labs and 12 experimental stations
- Produces 1.2 Billion Board Feet (BBF) of timber per year (peaked at 12.5 BBF in 1989)
- Manages countless mineral leases, hunting/fishing permits, grazing permits etc.

- Is accountable for maintaining/improving the habitat of hundreds of threatened and endangered plant and animal species
- Responds to natural and national emergencies such as fires, water shed control, law enforcement, and terrorist threats

3. Initiative

Over the years the Forest Service has accumulated many capital assets to help perform their mission. These assets include ownership of:

- 180,000 miles of roads and 7500 bridges (has closed over 120,000 miles of roads for safety reasons due to lack of maintenance)
- 42,000 buildings and leases 1,000 buildings; another 8,000 buildings are privately owned but on Forest Service land
- 17,000 vehicles that drive 190 million miles per year
- 175,000 miles of trails
- 14,000 campgrounds and other recreation facilities

The financial and management burden of maintaining capital assets in good working order was worsened by the curtailment of timber sales by executive order of the President. However, the Forest Service resolved this dilemma by adopting a challenging and executable strategic plan. Given the volume, condition, use, and need for the existing capital assets, the final Forest Service Capital Asset Strategic Plan included these actions:

1. Appointment of a Capital Asset Manager. This manager would be at the Deputy Chief, Senior Executive Service (SES) level and be responsible, yet have a neutral stake in capital asset decisions. This manager would be responsible for capital asset prioritization, funding distribution, and accountability.
2. Have the Capital Asset Manager work with OMB as a peer with Department of Interior (DOI) and Department of Transportation (DOT) to

make Capital Asset decisions instead of working through their sub-agencies. The USDA Capital Asset Manager would represent the Forest Service at OMB.

3. Establish a Forest Service board to review Capital Asset Acquisitions, Maintenance, and De-commissioning projects. The board prioritizes the projects on a national basis and advises the Capital Asset Manager in the budget process and funds distribution. The board process includes results from previous year's funds distribution. This required that the funding for capital assets gain concurrence of the Capital Asset Manager based on his/her priorities and the advice of the board.
4. Develop a database for capital asset tracking. A combination of the current INFRA database and the current "Creditability through Accountability" initiative could cover this recommendation with minimal additional cost/effort.

The Forest Service did implement all parts of the Strategic plan. The appointment of Tom Thompson as Capital Asset Manager (title later changed to "Real Asset" Manager to comply with an Executive Order) was a key starting point. Mr. Thompson created a board that addressed several difficult situations. The agency began selling or "mothballing" many capital asset items, and prioritized the maintenance for the remainder. While controversial in some cases, it dramatically reduced the maintenance backlog and generated much needed income. The PART score improved from red to yellow and increased the agency's funding levels.

F. DEPARTMENT OF VETERANS AFFAIRS: NATIONAL CEMETERY SYSTEM

1. Factors

The information below addresses the factors that lead to the foray into strategic planning for the Department of Veterans Affairs/National Cemetery System (VA/NCS)

- Government Performance Results Act (GPRA): The GPRA helped define expected outcomes from the ongoing NCS strategic planning.
- Customer Service: The process turned focus away from internal measures (i.e., number of internments) toward outcomes (i.e., customer satisfaction).

2. Background

On July 17, 1862, Congress enacted legislation that authorized the President to purchase "cemetery ground" to be used as national cemeteries "for soldiers who shall have died in the service of the country." Fourteen cemeteries were established in that first year. Today there are 139 national cemeteries in 34 states and 2 US Territories. The Department of Veterans Affairs (VA) National Cemetery System (NCS) was created in 1973 and currently administers 123 of the national cemeteries [14 are administrated by the Department of the Interior and two (Arlington and Soldiers Home) are administered by the Army]. Administration includes providing gravesite, grave liner, headstone, memorial certificate, US Flag, and perpetual care for the grave (and 14,500 acres of grounds) at no cost to the veteran's family. The NCS employs over 1300 people with an annual budget of just under $100 Million.

3. Initiative

Since the agency's creation in the 1860s, NCS has been known for the pride it has taken in executing its mission. However, it was not until the early 1990's that a universal mission statement was developed as a result of strategic planning. The development of the mission statement not only provided NCS with a standard approach for conducting its operations, it also provided focus to the overall strategic planning effort. The mission statement is as follows: "The National Cemetery Administration honors veterans with final resting places in national shrines and with lasting tributes that commemorate their service to our nation." This mission statement led to a strategic plan that identified ten measures of performance. These metrics included the number of internments,

gravesites serviced, and acres maintained. They did not include measures suggested by GPRA (customer service, efficiency, and outcomes) that could help define the degree of “publicness” for the agency.

In 1994, NCS continued its proactive and inclusive path towards strategic planning by serving as a GPRA Pilot Project. Prior to their involvement as a pilot program, NCS used both internal and external input to develop their various strategic plans. Once NCS was initiated into the pilot program, they continued to use the concept of stakeholder inclusion in the development of performance measurement processes. The rating of these performance measures by the Bush administration provided NCS with another chance to expand their strategic plan to include the additional measures of performance.

The additional metrics in the NCS strategic planning process were measured subjectively. However, NCS attained data on these areas through team interviews and surveys of customers, funeral directors, and cemetery caretakers. Based on these interviews, NCS adopted six metrics: Courtesy, Access, Prompt Delivery of Service and Benefits, Accuracy, Appearance, and Effective Outreach. These measures are typical of a public organization. Three of the metrics (Access, Prompt Delivery of Service and Benefits, and Accuracy) are easily measured. The other three (Courtesy, Appearance, and Effective Outreach) are more subjective but are closer to the core mission, and continually need to be measured through communication with customer groups.

NCS used stakeholder teams as a means of gathering internal input from central office staff, area office personnel, and individual cemetery directors and foremen. This internal input included recommendations and comments regarding various complicated and extensive problems prevalent throughout NCS. The utilization of teams helped create a process to solve these problems and prevent them from being duplicated.

External input was provided from the stakeholders including the VA Planning and Budget staff and OMB. This input was gathered from various

levels of formal supervisory positions. The input from these various levels of authority within NCS, VA, and OMB proved beneficial and effective in helping NCS achieve the goals set forth in their strategic plan.

NCS developed two major initiatives for its strategic plan: (1) to provide veterans with a full range of burial services and benefits with dignity and honor and (2) to enhance the appearance and infrastructure of the national cemeteries to meet the highest standards of public expectation and fiscal responsibility.

4. Government Performance Results Act (GPRA)

GPRA required all Federal Government agencies to develop strategic plans by the end of FY97. GPRA also required Federal agencies to prepare annual plans using measurable performance goals and report annually on the actual performance output compared to their goals. This plan contained performance indicators to determine whether the agency was progressing toward the achievement of its planned goals and objectives. Performance indicators included output, efficiency, effectiveness, and outcome. NCS submitted a performance report assessing their progress at the end of each fiscal year. The NCS performance planning effort was led by a NCS working group, which consisted of central office staff.

The VA Chief Financial Officer was the driving force for participation in the GPRA pilot program. The development of the strategic plan started with meetings between NCS management and planning staff from the Office of Field Operations, the Memorial Programs Service, and each of the central office service directors. The strategic plan focused on the construction of new national cemeteries and the maintainability of physical appearance as a national shrine.

The VA's Office of the Inspector General (OIG) conducted a review in FY95 to assess the progress of NCS implementation of the strategic plan and the establishment of the GPRA required performance measures. This review concluded that NCS was making great strides in implementing its strategic plan,

due to their early participation in strategic planning and their active participation as a designated GPRA pilot project.

The results of the GPRA pilot program concluded that NCS was better able to track the designated performance measures and provide senior management with outputs, which allowed the organization to focus on areas for program improvement. NCS improved upon providing the families of Veterans with a full range of burial services with dignity and honor. In addition, NCS enhanced the appearance and infrastructure of the national cemeteries.

5. Customer Service

Customer Service was a major part of the NCS mission. The initiatives developed and incorporated within the strategic plan were a part of the NCS core mission. Their mission to better serve the families of veterans during the times of burial was a key element in determining a basic level of customer service.

NCS customer groups were created to conduct surveys to family members of deceased veterans. Although the survey methodology posed a unique challenge due to the grieving period and sensitive nature experienced with the families of the deceased veterans, the results of these surveys were analyzed and the outputs from this analysis was the development of the first draft set of NCS Customer Service Standards. These standards were defined in six different service dimensions: courtesy/compassion/respect, accuracy, reliability, timeliness, convenience, and appearance.

The NCS approach to customer service is one of support to veterans who served their country and their families. The proper handling of procedures and burial services can be extremely difficult. However, NCS has recognized the sensitivity of this challenge and continues to provide support to the families of those who served their country so valiantly.

V. ANALYSIS

As the data clearly indicates, strategic planning is a challenge for public and private organizations. It is also a very beneficial initiative in most cases. Public organizations have shied away from strategic planning due to several factors including their “public” and “social” nature of their missions, inconsistent and politically motivated leadership, and inability to influence their destiny. However, these case studies show that while public organizations have been slow to endorse strategic planning, it is clear that it is not only possible but also extremely productive if approached correctly. Our analysis shows that the “correct approach” has little to do with strategic planning sessions and/or processes. Rather it is based on what individuals and organizations “do” to initiate, develop and execute their strategic plans.

In examining the Government organizations that successfully developed and executed strategic planning, there are several common factors that all of the organizations addressed. These factors are considered “essential,” and are reflected as follows:

1. Constructive discontent with the status quo
2. Measurement of External Results to Show Progress
3. Leadership and consensus building within the organization
4. Collaboration and partnering with stakeholders
5. Commitment to “finish” executing the strategic plan

Other factors were present in several of the cases, and while situational in nature, are considered critical for most Governmental strategic plans to be successful. Those factors are:

1. Changing or expounding on organizational Culture
2. Organizational structure
3. Customer Service
4. Communication

As previously noted, private industry adopted widespread strategic planning in the middle 1960s from military strategy techniques. In the 1980s, Federal organizations tried with limited success to adapt industry strategic planning techniques. Most of the disappointments were attributed to the "publicness" of Federal agencies. Agencies do not have a "profit" motive and are trying to make impacts in social areas that are influenced but not controlled. Additionally, in many of these Federal agencies, people were considered successful when they convinced Congress that the need was so great (i.e., things were so bad) that funding and other resources were essential. If results did not get better, there were several impacts outside of Government control that could be truthfully cited so that funding streams could be protected.

A series of events, mostly political, began to change the motivation. The public became increasingly concerned by the record deficits of the 1980s. The public demand for better results and efficiency instigated enactment of a series of laws and overhaul of several regulations. These included:

- Chief Financial Officer Act (CFO) of 1990: required agencies to designate a CFO to be responsible for prudent use of agency funds
- Government Performance & Results Act (GPRA) of 1993: required agencies to measure performance and results achieved with appropriated money
- Federal Acquisition Streamlining Act of 1994: required agencies to reduce the steps in their acquisition systems
- Paperwork Reduction Act of 1995: encouraged agencies to automate processes
- Clinger-Cohen Act of 1996: required agencies to perform a Value Study on all major acquisitions; Additionally required Information Technology (IT) systems be set up and safe guarded
- Government Paperwork Elimination Act of 1998: Idea to automate processes as much as possible to eliminate the use of paper

- Modification of OMB Circular A-11 (Preparation & Submission of Budget Estimates): to require more detailed information about how budgets impacted results
- Modification of OMB Circular A-130 (Management of Federal Information Resources): to require development, use, and safeguarding of automated government information systems
- Government Information Security Reform Act of 2000
- Vice President Gore's re-invention of government that re-vamped several agencies to be more efficient
- President Bush's Management Agenda that uses a Program Assessment Rating Tool (PART) score to allocate funds

These laws and regulations forced many Government agencies to think differently about their missions, how those missions were accomplished, and how results were measured. Most agencies needed to make improvements and used strategic planning as a tool to facilitate change. Our research indicates that the factors detailed below distinguished the difference between agencies that succeeded and those that failed. The first five appear to be absolutely essential. The last four are considered critical in most situations.

1. Constructive Discontent

Each of the successful organizations had some level of constructive discontent with the status quo. The discontent came from one or several individuals within the organization, primarily from leadership. The constructive discontent generally took the form of either recognition of a problem to be solved or an opportunity to be seized upon. The recognition generally initiated the strategic planning process, but in all cases, it was backed by grim determination by one or more influential individuals to make improvements.

In the case of the Forest Service, it was a problem to be solved. The Forest Service had a capital asset inventory that was huge and deteriorating. The traditional approach to resolve such situations in the Forest Service was to

articulate the problem in terms of funding necessary to maintain capital assets. In this traditional scenario, more assets were considered better and a higher monetary need would likely land a higher funding level.

Once the Forest Service leadership questioned how the capital assets contributed to National goals, the approach changed. Many of the capital assets did not contribute to National goals so the priority of funding allocation changed dramatically. The discontent with the status quo and traditional processes changed the way the Forest Service viewed Capital Asset funding. With a change in the process, the Forest Service launched into strategic planning to execute a transition, which was not an easy task. However, the constructive discontent laid the groundwork where planning for real change could (and did) take place.

In the case of the Air Force, the Chief of Staff (General Fogleman) recognized and acted upon an opportunity. He projected 25 years into the future and attempted to create a vision of future Air Force operations. The US Air Force had "owned the sky" in every conflict since World War II and was widely viewed as very successful with Congressional backing to prove it. However, what General Fogleman saw in his vision was military operations from space. This was a radical vision to an organization that felt pride in being the fastest and best "Air" force in the world. General Fogleman believed that operations from space could be faster, less expensive, and more effective than current operations. This constructive discontent became a seed that grew with strategic planning as a tool.

Traditionally, Federal organizations have been able to accept the status quo with little or no repercussions. However, in today's environment, Federal organizations must continuously improve and re-invent themselves to be effective. These case studies show that strategic initiatives start when some influential individual or group within the organization recognizes that the status quo is either not good enough or could be better. This constructive discontent

must be strong enough to prompt and sustain action. It is essential to successful strategic planning and execution.

2. Measurement of External Results to Show Progress

Every successful organization had a simple way to measure the progress it was making. The key to this factor was that the metric had to be important to customers or funding organizations. While this was the most obvious factor, it was also the most difficult for public organizations to accept.

It is human nature to want to define your own goals and measurements without outside pressures. For this reason, both public and private organizations tended to migrate toward internal measurements such as adequate funding, meeting deadlines, cultivating content employees, and developing a product that would perform a specified function. However, private companies could not survive without considering at least two outside entities; their customers and the competition. It is the customers and competition that determine whether a company has chosen the correct measurement and approach. Even with this obvious fact, history is riddled with examples of private companies that were too internally focused such as IBM as depicted earlier in the research.

Public organizations in general and Federal agencies in particular find it more difficult and risky to measure results that are important to their customers. Federal agencies generally do not have to compete for their customers. In most cases they do not receive funding directly from their customers, they obtain it from their Cabinet level Department(s) and Congress. As such, customers do not command the same attention. Traditionally, the amount of funding is determined by politics and social need, not customers and market economics. In addition, Federal agencies do not control, or at times, even understand what would "resolve" its mission related social problems or opportunities for which it is assigned. Accordingly, the solution to this dilemma is not easily resolved. If a solution were simple, some individuals, or companies in the private sector would have probably implemented it and made a profit in the process.

So how did the successful public organizations determine the metrics to use? They took the radical position of measuring results that were important to outside entities. In the case of the Child Support Enforcement organization, they took a “children first” approach and measured the benefits that the young people derived from the resulting collections. This involved the difficult task of “obtaining a consensus of measurement from all 50 states.” After the consensus, the coalition had to be nurtured as the reality of results measurement stimulated a natural competition among the states with a desired to alter the metrics.

In the case of the Veterans Affairs National Cemetery System, measuring external results involved receiving feedback from bereaved family members on services and the appearance of national cemeteries. There was high risk to the agency in measuring these indicators and sorting credible feedback when the audience was in a highly emotional state. Tying feedback to improvements was also risky. However, the VA NCS was tenacious in relating their service-oriented mission to family members and ultimately showed significant progress.

These results show that while it is difficult, Federal organizations can determine who their customers are and how to measure success from their perspective. This is one of the essential elements of successful strategic planning in Federal organizations.

3. Leadership and Consensus Building Within the Organization

Almost any successful initiative can be attributed to leadership. Both of the factors already discussed required leadership. So what contributed to the success that was experienced with this factor? In each case studied, leadership was a factor in getting the organization’s key personnel involved in plotting the “new” direction of the organization often violating years of tradition.

In the case of the Air Force, General Fogleman had to convince several of his Officers to support a 25-year vision, potentially at the risk of current operations. This took significant time, effort, and energy. While on the surface this might not sound like much of a sacrifice, the careers of these officers had

little to do with the success of the “space” vision. However, because of his leadership and the widespread consensus that he obtained, the Air Force continued the path toward space-based initiatives even when General Fogleman retired and the Air Force changed its Secretary.

In the case of the State Department, granting timely security clearances became a high priority. Many within the State Department did not believe that the metric was important to the State Department’s mission. Additionally, the goal meant reducing the time required to grant clearances, which appeared to be contrary to the meticulous methodology traditionally employed. The individuals performing the clearance background checks were asked to develop and implement new processes, reduce their staff, and shorten the lead-time. Initially, this created high internal resistance and required several in-process reviews to gain true commitment to the new direction. State Department leadership expended personal time and effort to explain how important the implementation of these policies and procedures were to the execution of the Department’s mission. This was especially important given that most of the clearances were for State Department personnel in critical shortage areas.

It is time consuming and often disruptive to current operations for leaders to take such a personal role in the consensus building for strategic plans, but it appears to be essential for success.

4. Collaboration and Partnering with Stakeholders

As previously mentioned, collaboration and partnering with stakeholders was instrumental in the successful execution of strategic planning. While not a foreign concept, successful collaboration with outside stakeholders was rare in Federal agencies. Most Federal agencies were “stove-piped” organizations and tended to operate independently from other agencies, even if missions overlapped.

In each of the successful cases we studied, the stovepipes were transcended in some manner. In the case of Child Support Enforcement,

success required that the agency obtain a consensus from all 50 states on success indicators and procedures. That was because the states performed execution of the enforcement program. Success of the program relied on several factors that were not controlled by the agency or the states. Disputes between parents and use of state law enforcement resources to track down violators were common. Social views of child support and how it is enforced were also issues. Further, some of the states required additional resources to measure effectiveness. However, the Child Support Enforcement leadership was tenacious in resolving issues with each state until a consensus was reached.

In the case of the Department of Education, a similar situation was evident. The Department of Education sought to improve the knowledge and abilities of targeted groups of people by distributing funds through grants and scholarships. A large coalition of individuals and organizations were required to execute the distribution that covered 180 programs. Success was often measured by “getting rid of the money.” However, when the leadership required that results be measured, it took personal attention from Deputy Secretary Madeleine Kunin to convince department employees and local officials to seriously consider obtaining results. In fact, it was a monumental task to convince stakeholders (state and local educational institutions) that execution of the grant and loan programs needed to show positive results that impacted National Education goals. However, success of the Department’s strategic plan depended on a commitment from stakeholders. Deputy Secretary Kunin made it her personal mission to gain commitment from all of the stakeholders.

Similar to consensus building within the organization, stakeholders outside the organization need to be committed as well. In each successful case study, it required personal intervention from leadership to include the stakeholders in the decision-making and gain commitment to the strategic plan.

5. Commitment to Finish the Strategic Plan

In most Federal agencies, long-term plans often get derailed when leadership changes, especially when political parties shift. However, this research revealed that all of our successful agencies progressed through the change in leadership. Most of the agencies began the process during the Clinton administration, and were still recording progress through the Bush administration. In the case of the Air Force, General Fogleman was the instigator of the plan to focus on space platforms and had little involvement from the Secretary of the Air Force. When General Fogleman retired, General Ryan continued the progress. When the new Air Force secretary took over and wanted to be a larger factor in the process, the plan was able to accommodate the interest. Today, the Air Force is ten years into the 25-year plan and it appears to be on track.

Likewise, the Veterans Affairs National Cemetery Service has progressed through many changes in leadership. The agency is still dedicated to improving service, and actively seeks feedback from stakeholders. This success is based upon "institutionalizing" the strategic plan. However, successful institutionalizing keeps the perspective that the strategic plan is a means of achieving a higher order goal. Ironically, this is one area where Federal Agencies have the advantage over private industry. Federal agencies periodically need to justify to new leaders how strategic plans contribute to their mission and/or national goals. Private industry can easily fall into the culture trap and be delusioned by the large investment in current operations. This was the downfall of IBM (could not give up their investment in hardware and main frame computers), Kodak (could not give up the picture film business), and the Swiss watch makers (could not give up the mechanical watch). The institutionalizing involves a long-term commitment with functional processes in place but remains a means to achieve the higher order mission. When successful, any one or group of individual(s) can leave the organization and the strategic plan continues on its chartered path. This institutionalization assures that long-term improvement will take place.

6. Changing or Expounding on Organizational Culture

Every organization has a culture. In both Federal agencies and private industry, the culture itself can be a support or deterrent to strategic planning. Nowhere was this more evident in our research than in the Forest Service. The Forest Service has a very de-centralized culture. Forest Service districts were established within one day's horseback ride from each other in the early 1900s and have not changed. Most significant decisions are made at the district level. When the Forest Service wanted to connect capital assets with national goals, there was a shock wave sent through the agency. How could the agency depart from the "tried and true" policy of making decisions "on the ground?" Forest Service leadership knew it could not afford to keep the vast infrastructure that was originally supported by timber sales when the national goals were to move toward recreation. The culture would be addressed by meticulous communication and planning by the leadership. First, capital assets were placed under the control of a central manager. Then each Capital Asset had to demonstrate how it contributed to National goals. Those that did were supported while those that did not were eliminated from the inventory. These actions may seem logical to an outsider, but to Forest Service Personnel, it violated 100 years of tradition and culture.

Organizational traditions and culture can help a strategic plan or hurt it. It is often assumed that the culture cannot or will not be adjusted and can doom a strategic plan. However, the case studies show that these obstacles can be overcome. While sometimes painful, Federal leaders should examine the culture to see if it helps or hurts their strategic plans and address any issue head on.

7. Organizational Structure

Organizational structure is intended to facilitate the mission and goals of the organization. While there is no "perfect" organization, it is important for an organization to realize when the organizational structure is detrimental to its

mission and goals. That is the position that the Department of Education found itself during its strategic planning process.

The Department of Education realized that part of the reason that they were so dysfunctional was due to the way the agency was organized. There were 17 different and distinct program and staff offices that lacked team management structures, without a coordinated organization supporting core priorities. Consequently, the agency changed their organization to a “starship” management structure that consisted of an executive management council, political staff, heads of key staff offices, and a reinvention coordinating council. The new organizational structure was then able to focus on executing legislative initiatives and reform of key management processes, where the original management structure could not.

The organization’s structure should optimize its mission and functions. Federal leaders need to adjust the organizational structure if the current arrangement does not assist in achieving the strategic plan.

8. Customer Service

Most private industry counts on its customers for income. However, most Federal agencies do not rely on their customers for income and in many cases have a difficult time even identifying their customers.

The successful Federal agencies studied were able to identify customers, define problems to be solved (or opportunities to be seized), and ways to tie funding to measurable results. In the case of the Department of State, a goal of improving customer satisfaction by ten percent had been set. This was unusual because there was never a requirement for customers to be satisfied, only dependent. Even more unusual, the customers for the State department Security/Suitability Division (PSS) were other State Department employees wanting security clearances. Additionally, the very nature of granting security clearances is adversarial. The employees of the PSS took pride in doing a thorough job and thought that “haste made waste”. However, once the PSS

identified their customers and understood the need for more timely resolutions, it became a priority to reach the ten percent improvement in satisfaction. The State Department had to identify customers, define a base line of satisfaction, and execute initiatives for improvement. This was a change from their own traditional internal metrics and would not have happened without customer dialog.

Customers have their own perceptions about how any organization should operate. Federal leaders are not accustomed to being overly influenced by customers because they often want more than the agency can deliver. However, as the case studies depict, by dialoging with customers, Federal agencies can increase customer satisfaction and improve the effectiveness of their operations in the process.

9. Communication

Communication is an often-cited factor in both successful and unsuccessful endeavors. It is an easy factor to attribute in successes and blame in failures. The successful Federal agencies studied all communicated in a similar manner. They all were able to clearly and concisely articulate:

- An undesired current state and how it was known
- A desired future state and why it should be attained
- Critical action steps to achieving the desired future state including who would do what by when

Additionally, the communication:

- Was a dialog; agency leadership listened more than it talked
- Gained consensus in implementing procedures, starting with high level goals, then proceeding to increasingly more detailed plans until ready for execution
- Consistently sent the same central message(s)
- Was forcefully, positively, and compassionately delivered

- Allowed for flexible execution
- Included benefits to individuals, organizations, customers, and agency

The strategic planning efforts that were pursued by the Office of Child Support Enforcement (OCSE) agency relied on frequent and extensive communication with the states. They had to be partners in every sense, particularly since the states were saddled with the responsibility to implement the program. The OSCE started with the phrase "Children First" that became the yardstick that all of the detailed plans were measured.

OCSE used every opportunity to include all of the stakeholders in this project, and after ten months of intense effort, a consensus on the plan was reached by all partners. Many of the details "evolved" requiring intense communication. For example, while the plan initially did not include performance indicators, what resulted was a blueprint that everyone could embrace that was known as the "National Child Support Enforcement Strategic Plan." It was communicated and understood that the performance indicators were not included in the initial plan because various states were at various points of development and execution within their programs. Understanding technical details were critical to measurement and this is where the differences among State programs are magnified. Given the 50 states, their laws, and the natural tendency to revise goals and objectives to fit the measure, rather than the other way around, it was easy to understand why performance indicators were developed later in the process.

There are, however, key external factors that could significantly affect communication and the achievement of the goals and objectives of the strategic plan as listed in the case itself. They included:

- Legislation: Additional child support enforcement legislation on the Federal and State levels could improve program performance. Welfare Reform child support provisions contain many of the proven enforcement and management tools needed for improved child support enforcement. New legislation may

also cause initial disruption and could create widely varying State public assistance programs, which could impact achievement of goals and objectives. At the same time without changes in the explicit funding, incentives, reporting, audit and penalty provisions of current law, GPRA may have little real impact on State programs.

- Funding: Reduced funding on the State and Federal levels would hamper efforts to deal with growing child support caseloads.
- Economy: An ever-changing economy with wage downturns and unemployment may impact child support collections.
- Trends: Social and demographic trends such as non-marital births and population gains at certain age ranges can create ever-increasing challenges for child support enforcement.
- Culture: Continuing cultural attitudes that permit parents to escape responsibility for children leave child support agencies with limited tools to overcome a social obstacle.

There were also factors that affected the initial communication and the viability of the OCSE strategic planning process, and could have derailed the entire process if not for key adjustments made to the process along the way.

However, the individuals continued to persist and learn from mistakes and ultimately were successful.

Communication appears to be an essential element for any strategic plan to be successful. Some organizations naturally communicate well; however, Federal leaders must take the extra time and attention to ensure that they communicate effectively within and outside their organizations.

10. The Road Ahead

Strategic Planning in Federal Government is still relatively new. With the multiple philosophies and rapid change of leadership, how can Government agencies expand and sustain strategic planning over the long term? The best way for the Federal Government to gain the most use from strategic planning is

to continuously employ it. By looking to create the future from today's knowledge and projections, the Federal Government can use strategic planning to be better stewards of the taxpayer's money. While the focus of our research is on Federal agencies, we also discovered that private industry examples were plentiful offering successes and lessons learned. We therefore have included some of these examples.

11. General Electric

General Electric (GE) was recently voted America's "most admired company" as reported by Fortune Magazine in its March 2006 edition. GE, which was created by Thomas Edison, has a long and colorful history and has produced everything from light bulbs to household appliances to jet engines. Its success, however, has been ranged from significant in some years and marginal in others.[33] Its long-term success, however, has been based upon its ability to "re-invent" itself through leadership and strategic planning. Charles Coffin led the company from 1892 to 1912, when GE took the unusual strategy to develop managerial talent (as opposed to products), and created an organizational structure based on functions. After years of operating with this strategy, the Ralph

Cordiner era began in 1950 when he was appointed CEO. The appointment of Mr. Cordiner broke the GE functional organization apart and the company entered the computer business. Fred Borch (CEO, 1963-72) saw GE's strategy change to get out of the computer business, while Reg Jones (CEO 1972-81) developed a strategic plan that established a layer of sector executives. GE also bought a coal mining company. Jack Welch took over as CEO (1981-2001) and not only abolished that management layer (and many other administrative functions), but also sold the coal mining company.

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[33] GE Web Site: http://www.ge.com/innovation/FLASH/timeline.html). Thomas Edison founded General Electric in 1878, and the present-day company was formed in 1892 when Edison General Electric Co. merged with the Thomson Houston Company.

The era of Mr. Welsh had quite an influence on private industry overall, and on strategic planning in general. Mr. Welsh directed GE to institute a number of strategic plans that has set standards for private industry over the past 20 years. These strategic plans included institutionalizing policies such as terminating the lowest performing 10% of the workforce, conducting Lean Six Sigma analyses on all company process, and fixing or selling off every product that was not first or second in its market. As a result, GE achieved ever increasing earnings for several quarters. Additionally, GE stock has continuously increased in value. In typical GE fashion, Jeff Immelt (CEO 2001 to present) has developed a new strategic plan re-emphasizing scientific research and marketing.[34]

12. Procter and Gamble

Procter and Gamble began as a partnership in 1837 between William Procter, a candle maker, and James Gamble, a soap maker. Their partnership was suggested by their common father-in-law who thought that they could leverage the buying of their common raw material, plant and animal oils. Today, company officials proudly state that they have never left their base. However, to outsiders, they are a very diverse company with over 100 commercial and industrial products. The markets that P&G has competed in include soap, paper, food, pharmaceuticals, cosmetics, lumber, pulp, and hospital supplies. Commonly known products include Tide, Cheer, Dawn, Charmin, Bounty, Pampers, Luvs, Jiff Peanut Butter, Pringles, Pepto-Bismol, Dramamine, Crest, Gleam, and Vidal Sassoon Hair products. How have they been able to use strategic planning over a 169 year history, “stick to their knitting” so to speak, and diversify? The simple answer is that they take what they know and use it to develop a strategic plan to create the future.

Consider the way that P&G got into the lumber business from soap. After the Civil War, the country demanded more soap and candles. P&G wanted to

[34] Fortune Magazine, Tellis Demos, Volume 153, No 4, March 6, 2006).

capitalize on the demand but was limited by raw material oils. This led to the purchase of several cotton oil crushing plants in the South. This process involved separating the staple from the seeds. The gin kept the seeds as payment and sold them to a crushing mill. The crushing mill stripped the lint and hull from the seed and crushed the “meat” to extract oil.

P&G officials noticed that the lint was a waste product, and as part of a strategic plan, searched for a way to utilize it. P&G officials found that the lint had high cellulose content, and developed a way to make it into high quality pulp (commonly called cotton linter pulp). Demand for the pulp outgrew the cotton crop, partially because P&G also entered the paper manufacturing business (Charmin, White Cloud, Pampers, Luvs, Bounty, etc.). However, P&G continued to search for additional ways to fill the demand. The answer was wood pulp mills. P&G soon learned that the trees nature provides are not uniform. Large trees are more profitable when used to make lumber while small trees and limbs are more profitably used in pulp. Opening sawmill operations made P&G a better buyer of the raw material. This was one of several trails that P&G embarked on through the years, taking the knowledge of today and creating a strategic plan to focus on the future.

Additionally, when strategic plans dictate, P&G does not shy away from divesting of products. Duncan Hines cake mixes, Crush soft drinks, Rely tampons, and Boundary hospital disposal products are all former P&G products.[35]

Both GE and P&G have been successful over the years in part because of continuous development and execution of strategic plans. However, such successes with strategic planning do not guarantee that an organization will endorse or even attempt strategic planning in the future. Below is an example of opportunities lost from a lack of strategic planning.

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[35] Fortune Magazine.

13. IBM

International Business Machines (IBM) has long been a much admired company because of its innovative approach and execution of strategic plans. Like many powerful private industry companies, data from IBM reveals both high success and corporate blunders with strategic planning. IBM began in 1911 when three small companies combined and incorporated as the Computing, Tabulating, and Recording company (CTR). In a strategic move, the company hired Thomas J. Watson who had been the Vice President of National Cash Register (NCR). In 1920, Thomas J. Watson was named CEO of CTR. He was a strategic thinker and constantly looked for better ways to improve and expand. His strategic plan was to continuously develop and improve products that would make a difference to their corporate customers. IBM's accomplishments at that time included the development of a calculator in 1944 that was 50 feet long, eight feet high, and weighed five tons, and the development of the first main frame computer in 1951 that used vacuum tubes and could conduct 17,000 instructions per second. The computer greatly increased IBM's business base. In fact, from the 1930s through the 1970s IBM dominated every market it entered. It pioneered computer systems and set the standard for most of the hardware still in use today. IBM was so successful that in the early 1970s a collection of small computer companies took IBM to court accusing the conglomerate of "unfairly" dominating the industry and being too secretive. IBM easily survived the legal challenge.

Later, IBM hired Bill Gates to develop software for them but had no strategic plan on software. In a strategic blunder, IBM allowed his small company (Microsoft) to obtain software patents. IBM believed that the money was in hardware and did not realize the potential of patenting software. As a result, Microsoft has grown larger than its early customer. Later, IBM lost another opportunity by not having a strategic plan that included the Personal Computer. IBM was challenged by the Personal Computer (PC) but could not

give up on its "main frame" culture and lost significant business to numerous PC manufacturers including Dell, Gateway, and Apple. When IBM found itself close to bankruptcy in the early 1990's following a net loss of more than $8 Billion, it implemented a strategic plan and hired a CEO from the outside to turn things around. The "outsider" was Louis Gerstner Jr. who continued to work within the culture, but was not bound by years of "main frame" mentality. His strategic plan established a "business solutions" consulting group that proved controversial, but profitable. As a result, IBM is once again a viable company.[36]

[36] Daniel Goleman, Richard Boyatzis, and Annie McKee, "Primal Leadership," Harvard Business School, Press (pp. 67-68) 2002.

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VI. SUMMARY AND CONCLUSIONS

The research conducted in this project examined the implementation of strategic planning in several Government organizations. These organizations initially lacked the requisite direction and vision necessary to improve their performance. We found conclusive evidence that strategic planning does improve the effectiveness of public organizations and should be routinely applied as a fundamental doctrine of normal operations. While a result of this research revealed challenges that some Government agencies experienced before the implementation of strategic planning, we also discovered techniques to overcome those difficulties and improve performance. We noted in several instances that factors such as strong leadership, commitment to the project, stakeholder involvement, and communication were key elements in guiding these organizations through the development and implementation of the strategic planning process. Overall, this project focused on factors that led to new directions for Government organizations, as well as the relationship between those factors and the degree of publicness of the agencies.

Several Federal organizations successfully improved their operations using strategic planning methodologies. The United States Air Force, Office of Child Support Enforcement, Department of Education, State Department, U.S. Forest Service, and Department of Veterans Affairs all used several common factors, as well as some that were unique, to successfully improve performance. The common factors included the use of performance metrics; a thorough commitment by leadership and management; stakeholder involvement and buy-in; and clear communication throughout the organization. The unique factors were those that were not present in every case study that we analyzed. Visioning; adaptive culture; organizational structure; employee participation; customer service; long range planning, and funding were some of the factors that either impacted or strongly influenced outcomes in some cases.

While conducting this research, we found that the passage of the Government Performance and Results Act (GPRA) was the one piece of legislation that was responsible for ushering in the era of strategic planning utilization in Federal organizations. This Act became a major management reform initiative that was supported not only by the major political parties, but also by the President and Congress as well. Vice President Al Gore used the GPRA and strategic planning to successfully re-invent some Government organizations, leading them to become more effective and efficient overall.

This project was specifically based on the review of various case studies and data points that implemented strategic planning to some degree in the operations of the agency or organization that embraced it. By utilizing general organizational framework methodologies, we examined where and how these methodologies could be implemented into the organization. One of the goals of this project was to be able to provide the reader with a clear understanding of the strategic planning and execution process and how it could be implemented by Government organizations. Accordingly, this research offers a basic understanding of some of the factors that influence the resultant outcomes.

Strategic planning for public organizations is still a relatively new phenomenon compared to the extensive experience in the private sector. Some State governments have considerable experience in related fields such as urban planning. However, strategic planning at the Federal level has not been a significant influence on guiding the performance of the organization. Despite the limited experience and perceived difficulties, strategic planning has begun to acquire notable significance in Federal organizations as the provisions of the GPRA of 1993 are fully implemented.

Strategic planning is an involved, intricate, and complex process that takes an organization into uncharted territory. It does not provide a ready-to-use prescription for success. Instead, it requires the organization to develop a framework and context that could result in success. It has been extensively documented through literature and research the potential problems that may

arise during the strategic planning process. However, being aware of and prepared to address these issues are essential ingredients to success. An organization's strategic planning effort may fail if these potential pitfalls are ignored. To increase the organization's level of awareness, it is necessary to identify the relevant factors in the strategic planning process in order to gauge effectiveness. Those factors already mentioned, i.e., commitment, leadership; visioning; the degree of publicness of the organization; long range planning; a flexibility of plans and planning; maintaining control over decisions; communications; and the culture of the organization are just a few of the factors that were examined during the course of this research.

One of the major challenges that we uncovered in the strategic planning process is ensuring a firm commitment from senior management personnel. In some ways, strategic planning reduces executive decision-making power. Once the process begins, by design it encourages involvement throughout the organization and actually "empowers" employees to make decisions. As a result, some decision-making shifts from the executive office to the participants.

Henry Mintzberg, considered one of the foremost experts in the area of organizational management and strategic planning and whom we have referred to numerous times during this project, said “Commitment by personnel throughout the organization grows out of a sense of ownership of the project.[37] We have found that to be entirely true. A firm commitment at all levels of the organization is essential to success. Strategic planning infers organization-wide participation. Accordingly, success can only be achieved if participants believe that their involvement counts and that they will benefit from the process. Organizations should encourage active participation with as many people as possible in order to generate a feeling of ownership of the process and the outcomes throughout the organization.

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[37] Henry Mintzberg, “The Fall and Rise of Strategic Planning,” Harvard Business Review, January-February1994.

We have noted in this research that Strategic planning in the public sector differs substantially from strategic planning in the private sector. Public sector strategic planning requires different approaches during certain steps of the planning cycle, particularly in the performance measurement and goal-setting steps. The performance measurement issue in the public sector has two distinct aspects: difficulties in measuring public sector accomplishments and the lack of consistent performance metrics. In private companies, success is easy to identify. Virtually all measures of outcome success relate to the profitability of the company. A corporation can derive income from more than a dozen commonly used indicators such as net profit (i.e., before or after taxes), gross sales (revenues), sales growth, revenue per employee, market share, net worth, asset value, stock value, dividend rate, etc. Businesses calibrate all these success indicators to the same units….dollars. Managers can compare the widget unit to the gadget unit; investors can compare the Zaxby Corp. to the Advanced Concepts Corp., and all the comparisons have a common basis.

Government performance success reflects a different story. Success measurement is often beset with difficulties because the value/benefit to the customer is not easily identified. Government managers seldom measure the success of their organizations or their strategic objectives in dollars. Instead, they will frequently measure success in terms of percentage increases and decreases in some external effect such as, "Percentage reduction in accidents from 1998 levels." As a result, analysts may compare performance measures between organizations only if the organizations perform similar functions. Comparisons among states or cities may frequently be valid. However, viable comparisons between federal agencies can only be conducted after first addressing the similarity of their functions.

During the conduct of this research, we found that public sector organizations do not have the same unitary directional push or pull as the private sector embraces with a Board of Directors. In the private sector, the board of directors and the executive staff usually share similar organizational goals.

Regardless of how performance is measured, all stakeholders, stockholders, directors, managers, workers, etc., share the goal of making more money. Again we see that dollars represent the measuring unit and all stakeholders pull the organization in the same direction, i.e., toward profitability. Public sector organizations typically have multiple goals and multiple stakeholders that pull the organization in different directions. While these goals are not necessarily inconsistent with each other, in some cases they may pull the organization in different directions. In other cases, goals and directions may conflict with each other.

Building consensus in representative governmental organizations is a challenge. An enormous number of stakeholders, i.e., direct customers, suppliers, Congress, the President, taxpayers, special interest groups, lobbyists, political parties, administrators, bureaucrats and just plain citizens, all influence the government's policy-making, strategic objective-setting process. One of the findings of this research is that in the public sector, as well as the private sector, stakeholders must forge common goals. Each of these stakeholders' demands to be heard and everyone has a right to know how the government spends taxpayers' money.

The objective-setting process requires a consensus among stakeholders about where to direct the agency's policies and resources. Developing this consensus is the key task in any public sector strategic planning process. One basis for developing this consensus is to agree on the organization's customers. In the private sector, identifying customers is easy; customers receive goods or services and pay for those items in dollars. The public sector works much differently. Government organizations receive money from a legislative body, i.e., Congress, State Legislatures, county commissions, or city councils. These entities in turn receive money from taxpayers. The people who receive the services are not necessarily the same ones who pay the money. Instead, the service recipients are the poor, the uneducated, the homeless, oil companies, or the citizenry at large, whether they are taxpayers or not.

The Strategic Planning Process has six essential elements that must be addressed if a reasonable chance of success is to be achieved. They are: the development of a mission statement; the assessment of the organization's external needs; creation of strategic objectives; outcome measurement; strategies; and performance feed-forward. Managers may always add other elements to meet the organization's specific needs. Of these elements, the key to the strategic perspective is a focus on outcomes affecting customers that are external to the planning organization. We found that "strategic" is not about long-term versus short-term planning. Rather, it is about a focus on external outcomes, instead of on internal outputs.

Strategic planning helps improve both the efficiency and the effectiveness of any organization. A strategic plan unites all the elements of an organization toward a common purpose, vision, and set of goals. It provides a proper forum for addressing policy conflicts and helps bring about resolution. The strategic planning process also helps to develop managers' teamwork skills. The emphasis is on outcome measurement, and program evaluation gives managers another tool for continuous quality improvement.

APPENDIX A. CASE STUDIES FROM GOVERNMENT AGENCIES

Analyses from Chapter IV are of these cases that appear here in full text

A. **"Corporate Strategic Planning in Government:** Lessons from the United States Air Force," a case study by Colin Campbell, University Professor of Public Policy, Georgetown University, November 2000.

B. **"Strategic Planning in the Office of Child Support Enforcement,"** a case study from the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement, July, 1996.

C. **"Strategic Planning and Performance Management:** The U.S. Department of Education's Experience," a case study written by Alan Ginsburg, Nancy Rhett, and Michele Cavataio for the U.S. Department of Education, May 8, 1997.

D. **"The Personnel Security/Suitability Division (PSS) Performance Measurement Pilot Project,"** a case study from the United States Department of State, Diplomatic Security Service, Personnel Security/Suitability Division, June 1996.

E. **"Forest Service Capital Asset Management Plan,"** a case study written by Thomas E. Reynolds for the U.S. Forest Service, May 2003.

F. **"GPRA Case Study: Department of Veterans Affairs-National Cemetery System,"** May 1996, Prepared by: Mary Anne Dolbeare and Brenda Donly, Georgetown University; National Cemetery System Staff-

Department of Veterans Affairs; Performance Analysis Service-Department of Veterans Affairs; and Office of Management and Budget. Prepared for: The American Society for Public Administration (ASPA), Task Force on Government Accomplishment and Accountability

APPENDIX B. THE TEN STEPS TO STRATEGIC PLANNING

Step 1 – Establish a Strategic Planning Team

Organizations that wish to carry out strategic planning should appoint a team to organize and manage the process. Key responsibilities of the planning team include:

- Defining planning activities and assignments
- Outlining the basic content of the plan document
- Scheduling, organizing and facilitating working sessions with staff and external stakeholders
- Collecting information and preparing background materials for use by the working groups
- Recording and summing up working session discussions and decisions
- Drafting the strategic plan document
- Maintaining regular communication with management, and keeping staff and partners informed of planning activities and results.

Managing a strategic planning process can be time consuming and requires different skills and knowledge. The planning team should be sufficiently large to undertake the various tasks at hand, but not so large as to become unmanageable. Depending on the size and structure of the organization, a team of 5-8 people is recommended.

Step 2 – Develop a Draft Outline for the Strategy Document

The purpose of an outline is to give structure to the document and provide an indication of content. The outline also serves as a basis for planning the process (see step 3). With it, the team can more effectively determine whom to involve in the process, what type of information to collect, how to structure and schedule the working sessions, what background materials to produce, etc. The

outline will probably need to be adjusted in the course of strategic planning, as new questions or topics emerge. Outlines can be structured in different ways, and vary depending on the situation and time available. Some organizations may need to produce a strategic plan within a very short period of time; others may decide to carry out contingency planning as an additional step. Such examples imply eliminating elements that are normally included in the process, or adding elements. It is advisable to make the outline as detailed as possible since it is instrumental in guiding the process and producing a successful document. Specifying a page limit for each section and providing suggestions for content is very useful for individuals drafting the document.

The strategic plan should be relatively short to make it more readable for stakeholders. Fifty to seventy-five pages, excluding annexes, is a reasonable target. It is generally recommended to keep the descriptive sections of the document brief, e.g. background sections on organizational mandate, structure, activities and resources, which are mostly intended for an external audience; there are cases, however, where an organization may wish to build a more detailed record of its resources and situation. It is also useful to include an executive summary (i.e., summary of the planning process and its main results and recommendations) in the strategic plan for decision-makers and policy-makers who may not have time to read the complete document.

Step 3 – Prepare a Detailed Process Plan

The process plan is a useful document for organizing strategic planning. Keyed to the strategy outline (see Step 2), it helps to keep the process on track, monitor progress and complete assignments. The plan should indicate the tasks and activities to be undertaken, intermediate and final outputs, individual and group responsibilities, target dates for completion of each assignment, dates of meetings and working sessions, and any other information that may be useful for the process. *Table 2.1* shows an example of a process plan.

As strategic planning gets underway, some changes will be necessary. The planning team will occasionally need to update the outline and the process plan. It is essential that all members of the team familiarize themselves with their details and review them periodically. Since strategic planning implies costs, staff availability (for meetings, working sessions and assignments) and the involvement of external stakeholders, management also needs to approve the plan and any changes to it. Strategic planning can be carried out over a single intensive period, or over a period of months. Distributing activities over time has its advantages. It minimizes disruption of research activities and allows flexibility for scheduling stakeholder involvement. There are also risks to having an intermittent process that extends over a longer period of time. Delays in follow through on assignments can result in a loss of initiative and focus. Such matters need to be carefully considered when developing the process plan.

Step 4 – Define Working Groups and their Tasks

Stakeholder participation in this strategic planning approach is an essential feature of the process. Staffs, clients, partner organizations and other representatives who have an interest in the organization’s success are valuable sources of information. Their knowledge of the organization and wider context, and their perspectives on new directions and priorities will form the backbone of the strategic plan. Working sessions with clear and specific objectives are the most effective way of getting feedback and input from stakeholders, since they involve direct interaction and can result in immediate decisions. Individuals selected to participate in these sessions should be given sufficient advance notice so that that they can schedule their time accordingly or appoint a replacement if necessary. The reasons for involving them in the strategic planning effort and the task(s) expected of them should also be communicated.

Care should be taken in defining the working groups. For example, it is advisable to involve staff of different units and categories, and a few outsiders who know the organization well in discussions about organizational strengths and

weaknesses. Sessions that deal with the external environment analysis, on the other hand, may only require the participation of a select group of staff, but should seek broad representation from outside (this may include different types and categories of producers, agro-industry, NGOs, policy makers, other research institutes, etc.). These sessions provide external stakeholders with an opportunity to be involved with strategy discussions and decisions, and also give the research organization the opportunity to learn about other perceptions, viewpoints and opinions.

The planning team may also request participants to provide advance information in the form of a questionnaire. An example questionnaire used to gain external stakeholder input is provided in *Annex 2*. An analysis and/or summary of the responses can be useful in guiding working session discussions. It should be noted, however, that the response rate for such requests is often low, and that additional time is required for response analysis. Provisions need to be made for one or more facilitators to guide each working session, as well as recorder(s) to take note of the results. The planning team should also prepare brief guidelines for each session. These can be presented verbally as well as in writing, and should clearly specify the *objectives* of the working session, specific *questions* or *issues* to be addressed, and *instructions* for the facilitators, recorders and participants.

Step 5 – Analyze the Internal Environment of the Organization

The purpose of step 5 is to describe the target organization's current situation, and analyze its strengths and weaknesses. The weaknesses identified will highlight issues related to improving the organization (step 7), which can then be used to formulate strategies (step 8) and define the changes needed (step 9).

The internal environment analysis essentially looks at issues that are controlled by the organization. Outside factors that are beyond its control are addressed in the external environment analysis (step 6). To facilitate information

collection and working sessions, it is important for the planning team to clarify the boundaries of the organization, i.e., to clearly differentiate between internal and external.

The guidelines below should be adapted and keyed to sections of the strategy document outline that address the internal environment (see step 2). Internal environment analysis is most effectively carried out in three tasks:

- First, describe the organization’s current situation in terms of strategy, mandate, tasks, structure, resources and management processes,
- Second, assess the strengths and weaknesses of these elements, drawing on the knowledge of organization staff,
- Third, assess organizational strengths and weaknesses with external stakeholder involvement.

Task 1 – Description of the current situation

The purpose of this assignment is to provide background information on the organization that can be incorporated in the strategy document and used for analyzing organizational strengths and weaknesses. The assignment involves information collection and drafting, and some degree of analysis. Aspects of the organization that are important to cover include its mandate and responsibilities, structure, tasks, resources, management processes, and existing strategies. A brief description of the type of information required for each category is provided below.

The collection of information and drafting of relevant sections should be assigned to individuals from the strategic planning team or to staff from the organization on an ad hoc basis. One member of the team should be responsible for synthesizing the individual reports for inclusion in the strategy document.

Organization mandate(s) and statutes: Existing mandates and statutory responsibilities for the research organization can be briefly summarized. It is important to note if these are legislated or only in draft form. Any problems that

have emerged in terms of overlap with other ministries, directorates, etc. should also be indicated.

Current structure and organization: Organ-o-grams should be produced for the strategy document. One should show how the research system is organized; another should provide details of the target organization's different departments/sections. The diagrams should extend to the station levels and should include an indication of the research stations and experimental/demonstration fields (if any are permanent property of the organization). Any significant permanent committees should also be indicated. A preliminary analysis of the current structure is recommended at this task. What is actually done at each level (i.e., what functions and responsibilities are carried out at different levels of structure)? Do the functions now carried out correspond to the official mandates and statutes? Are the boxes accurate reflections of what actually exists and is done? Are there weaknesses in the structure?

Organizational activities: Describing the activities currently carried out by the target organization (as a whole, or by division if time allows) is an opportunity to inform others of what is being done, and to assess their correspondence with the organization's mandate. These can be categorized and summarized in table form. Agricultural research organizations often identify the following categories: agricultural resources and services, technology improvement (improved varieties, technology recommendations), production improvement, socio-economics, technology transfer and communication and institutional development. Examples of activities that fall in these categories are provided in *Annex 1, Table A1-1*.

Current resources: Human resources: tables summarizing current staff resources (scientific, technical and administrative) for the organization should be prepared, for use as working documents and inclusion in the strategic plan. Detailed tables can go into an annex if they are too long, with a summary table for the relevant chapter (see summary table example in *Annex 1, Table A1-2*). The table(s) should be accompanied by some text that describes the current staffing situation. The text can, for example describe staff turnover rate, numbers

of staff in postgraduate training, and any other information that may be useful for the analysis.

Financial resources: financial tables showing investments for agricultural research and for the target organization should be prepared. These should indicate capital and recurrent investment categories for Government, and capital and other research costs for external investors.3 A sample format is provided in *Annex 1, Table A1-3*.

Time series graphs showing the trends in real terms for investments over the past 10 years or more can also be prepared. These should include separate graph lines for recurrent cost categories and capital investments. A brief text summary should accompany the tables and graphs.

Capital assets: property of the organization, including building, station infrastructure and land; support facilities such as laboratories and libraries; office, lab and field equipment; vehicles, etc. can be summarized in a table (see sample format in *Annex 1, Table A1-4*). Existing tables or information developed for donor investments can be updated for this purpose. The table(s) should be accompanied by a text summary.

Current Management Processes: The strategy document should include brief descriptions of management processes that are currently in place in the organization, and also summarize any weaknesses that may exist. These can be categorized as follows:

- Financial management: annual budget request, allocation and disbursement process, current accounting procedures,

- Human resource management: current practices, including recruitment procedures, staff evaluation, and relation to any civil service system; current conditions of employment (relative level of pay, benefits, working conditions),

- Planning, monitoring and evaluation: current planning procedures; monitoring and evaluation practices; reporting cycle,

- Information management: program and project records or databases, current methods of recording and storing research or extension results, means of maintaining staff records, means of disseminating research results to extension and farmers (media, publications),

- Linkages and partnerships: current linkages between research, extension and farmers; alliances or partnerships with the private sector, universities, donors, international or regional research or extension organizations, etc. The summary should describe what actually exists, and the degree to which linkages are planned and budgeted. The extent to which responsibilities for linkage management and implementation are allocated to specific individuals and carried out should also be described.

Existing Strategies: Members of the planning team, supported if necessary by knowledgeable additional staff, should identify strategy statements contained in official documents (e.g. master plans, corporate plans, donor investment reports), and determine their current/continued effectiveness and relevance as strategies for research. This constitutes an element of the internal environment analysis since the organization's research has in theory been guided by existing strategies in the past.

Task 2 – Internal Analysis of Organizational Strengths & Weaknesses

The purpose of this assignment is to carry out a preliminary analysis of organizational strengths and weaknesses, drawing on the knowledge of organization staff (internal stakeholders). It will also prepare the strategic planning team for analytical sessions on the same subject with external stakeholder representatives (see Task 3). A half to one-day working session is usually sufficient to complete the assignment. It should involve the strategic planning team and additional staff members from different units and staff categories. The session should aim for the best concentration of analytical ability possible. The size of the working group will vary depending on the size of the

organization. A rule of thumb is to restrict participant to fewer than 25, considering knowledge and representation requirements. To facilitate the analysis, participants should be provided in advance with the results of Task 1. The session will require facilitator(s) from the planning team to guide and organize the discussions. Their first task will be to explain to the participants the objectives of the session and methods to be used; written guidelines can also be provided (see step 4 on “defining the working groups and their tasks”). One or more individuals from the team should be assigned the task of recording the results of the discussions. Facilitators are encouraged to use group visualization methods, since these are effective in capturing input from “quiet” staff and also provide a degree of anonymity. The use of color-coded cards for responses from the participants that can be rearranged or categorized on a pin board or wall is recommended.

The session should concentrate on first identifying the strengths and then the weaknesses. Depending on the number of participants, smaller discussion groups can be formed. The procedures are as follows:

- Participants in each small group list on cards 3-5 strengths of the target organization, based on their personal knowledge and experience. *Examples of strengths*: high levels of staff commitment, adequate land and buildings, sufficient research stations and demonstration plots, good input and feedback from farmer groups, effectiveness of extension linkages, etc.

- The cards are then organized, with group participation and discussion, into categories on a pin-board or wall where all can see the arrangement of cards.

Examples of categories: structure and organization, governance, resources, resource planning and management, disciplinary expertise, linkages, etc. Responses that do not easily fit into a category can be listed as “unclassifiable”.

- When agreement has been reached on the categories and their contents, the facilitator and a designated rapporteur prepare a presentation of results for the plenary session.

- A member of each small group presents the results in the plenary session of all participants.

- The presentations are discussed and designated rapporteur(s) record these, together with questions and additional inputs.

- Weaknesses and constraints of the target organization are identified following the same procedures outlined above. *Examples of weaknesses / constraints*: functions or tasks that are needed but not presently covered (seed multiplication, on-farm participatory testing and selection of technology), weak coverage of some categories of producers, inadequate data and information management, coordination and planning problems with partners, inadequate funding for training, low salary levels, etc.

Task 3 – Analysis of Strengths and Weaknesses with External Stakeholders

After discussing organizational strengths and weaknesses internally, the strategic planning team should examine the strengths and weaknesses in a workshop setting involving external stakeholders. The involvement of external stakeholders has three basic purposes: to improve the understanding of other actors about the organization's current situation, to gain their perspectives on its strengths and weaknesses, and to establish transparency. If there are extreme time or resource constraints, the strategic planning team can consider foregoing this task, but the positive gains from external stakeholder involvement would be lost. The external participants should be knowledgeable representatives of key actors in research and extension who know the organization well. They should be sent written invitations by upper management. It is suggested that the size of the group be relatively small (15-25 persons, including strategic planning team members, depending on the size of the organization).

The external stakeholder session summaries, together with the results from phases 1 and 2, will be used by selected members of the planning team to draft the internal environment chapter of the strategy document. This analysis by staff and external stakeholders sets the task for identifying strategic issues related to organizational weaknesses, constraints and gaps.

Step 6 – Analyze the External Environment of the Organization

There are forces, actors and situations beyond the confines of a research organization that should be considered during planning because they influence the organization and its work. The purpose of Step 6 is to identify and assess the implications of these "external" factors, for use in repositioning the organization. Various tasks can be undertaken, depending on time and resource limitations. Minimally the identification of major threats and opportunities for the target organization, and of the advantages and disadvantages of partner organizations should be included. External assessment is also commonly used to clarify the threats and opportunities for research in general, and to learn the expectations and perceptions of clients (primarily producers, extension and agro-industry).

External environment assessment also provides insight about challenges and ways to address them. Some situations such as the imposition of budget cuts or the removal of price supports for producers are beyond the direct control of individual research organizations. However, plans can be made to overcome some major problems for producers or for the research organization that result from such barriers.

The results of the assessment will be used by the strategic planning team to synthesize/summarize issues related to the "external" environment, formulate strategies to address them, and draft the external environment chapter of the strategy document. The guidelines presented below should be adapted and keyed to the relevant sections of the strategy outline (see step 2) and to the process plan (step 3). The external environment assessment involves four tasks:

- First, identify threats and opportunities for the target organization and the research system;

- Second, identify the relative advantages and disadvantages of partners involved in technology development and dissemination;

- Third**,** discuss and reach consensus on the appropriate roles and responsibilities of partner organizations; and

- Fourth**,** gain client and stakeholder perceptions/expectations about the relevance of past research and service outputs, and their future needs.

Task 1 – Assessment of Threats and Opportunities

The context in which the research organization operates needs to be examined from two perspectives: first the perspective of the organization itself, and second the perspective of key actors in research and technology transfer/dissemination in the country. It is desirable to first hold a working session on threats and opportunities with *internal* stakeholders. This serves to familiarize staff with the approach and allows them to characterize the research organization's perspective before involving outsiders. A working session on the same subject should subsequently be held with *external* stakeholders.

Facilitation, visualization and discussion techniques are the most effective means of obtaining input from multiple participants and should be used for both internal and external sessions. Both sessions should be structured to:

- Gather information and perspectives about threats & opportunities specific to the Organization,

- Learn about the participants' perceptions and ideas of threats and opportunities for the relevant industry as a whole, with particular attention to producers, agro-industry and processors, and economic factors.

The specific requirements for each session and the procedures to follow are described below.

Activity 1: Internal working session on threats and opportunities

The working group should be composed of the strategic planning team and additional knowledgeable staff members from the organization (10-15 persons are suggested). A facilitator should guide and organize the discussions, and one or more individuals should be assigned to record the results. Visualization methods similar to those described in step 5 (internal environment analysis) can be used, where written comments from participants are posted and then discussed. The session should concentrate on first identifying threats and opportunities for the target organization, and then on threats and opportunities for agricultural research in general. Categories of threats and opportunities should be predetermined by the strategic planning team.

Examples of categories for the target organization: threats/opportunities related to resources; linkages with producers and industry; linkages with external sources of technology, knowledge and expertise; issues of governance, representation or autonomy; etc.

Examples of categories for research in general: threats/opportunities related to policy; technology and production; system governance and coordination; market and socio-economic issues; environment and land use issues; etc.

The procedures for the working session are as follows:

- Provide participants with written and verbal instructions that clearly specify objectives and procedures.

- Each participant writes up to 5 threats and up to 5 opportunities *for the target organization* among the categories identified; the responses are posted on a pin-board or wall.

- When agreement has been reached on the contents of each category, the results are discussed. The designated rapporteur(s) record additional comments, questions and inputs made during the discussion.

- Threats and opportunities *for research in general* are listed and discussed for each category identified, following the same procedures outlined above. The facilitator and recorders will prepare a written summary of the proceedings, for use by the planning team in external stakeholder session preparations, and for drafting relevant portions of the strategy document (the team may need to consolidate the information provided). *Table 4.1* provides a format that can be used to organize/record participant inputs. These can be general in nature, since detailed issue and strategy development takes place at a later task.

Task 2 – Assessment of Partner Advantages and Disadvantages

This exercise will be part of the external stakeholder workshop. It will allow stakeholder representatives to assess the relative advantages and disadvantages (strengths and weaknesses) of their organizations. The assessment can then be used by the working group to discuss and clarify future research-extension roles and responsibilities of the different actors, based on their comparative advantages and disadvantages (see Task 3). The composition of the working group and size of the sub-groups are described under Task 1, Activity 2. For this assignment, the sub-groups will:

- Identify and categorize the other institutions/organizations that are active in research and transfer;

- Analyze the advantages and disadvantages by institution or category of institution/organization. Table 4.2 provides examples and a format that can be used to capture and record participant inputs; the number of columns and the column headings should be determined by the working group.

- Reach agreement on the advantages and disadvantages for each category; and

- Prepare a written record (summary) of advantages and disadvantages for discussion in plenary.

Task 3 – Clarification of Partner Roles and Responsibilities

This assignment is meant to promote clarification of roles and agreements on the division of responsibilities among key organizations active in technology generation and transfer, with a view to minimizing unnecessary duplication. These discussions and agreements will be based on the information developed during Task 2.

The composition of the working group and size of the sub-groups are described under Task 1, Activity 2. For this assignment, the sub-groups will:

- Discuss and agree in principle on appropriate roles of all research and extension actors, considering their advantages and disadvantages (results of Task 2);

Task 4 – Perceptions and Expectations of Clients

This working session will also part of the external stakeholder workshop. The objectives are to determine the extent to which the organization's outputs are recognized and valued by its primary clients, and to identify new or unrealized client needs. The results from this working session will help identify or re-define the organization's client base, and will be used by the strategic planning team to synthesize and define related issues and strategies. Several sub-groups should be established for the session. Their tasks are to:

- Identify the different clients for the organization's research and service outputs,

- Determine client perceptions about the outputs, in terms of their relevance and usefulness,

- Discuss and list technology and service needs and expectations of each major type of client (small scale producers, commercial and large-scale producers, agro-industry and processing enterprises, extension, NGOs, etc.) Each sub-group will be guided by a facilitator (a member of the planning team),

responsible for organizing the discussions and providing a summary and conclusions at the end of the working session. One person from the group should be assigned the task of recording the results of discussions, and with the facilitator, will prepare the written summaries and plenary presentations.

Step 7 – Identify Key Strategic Issues

The purpose is this assignment is to discuss and reach agreement on strategic issues for the target organization. The results from this working session will be used by the planning team to formulate organizational strategies related to each issue (step 8). Issue identification should be based on the responses from participants in the external and internal environment analysis sessions (step 5 & 6), but should also explore other trends and implications. The responses from these sessions should be summarized in table form to allow recognition of the perceptions of stakeholders (see example in Annex 3). Simple statistical analysis will reveal their primary concerns. It is important to note that low frequencies in response categories do not necessarily indicate issues of minor importance. The following sequence is suggested for identifying key issues:

- *Structure the working session by selecting issue categories*: These should be identified in advance by the facilitator and should reflect participant responses in steps 5 and 6, as well as possible issue gaps. Categories useful for most organizations include: (a) policy issues, (b) socio-political issues, (c) economic and market issues, (d) production and producer issues, (e) alliance and partnership issues, and (f) institutional issues. An unstructured discussion session invariably results in some important issues being left out.

- *Identification and clarification of issues*: Issue statements for each category should be developed in a discussion process. The use of a whiteboard or a multimedia projector for this process is recommended. Posting of relevant comments together with reasons why each is a strategic issue help greatly in clarifying the issue statement.

- *Develop a list of issues that need to be addressed*. Examine each issue statement in terms of whether it can be ignored or dropped from the list, whether it should simply be monitored, or whether it should be acted on within a 3-5-year period. The final list should consist of those issues that should be addressed immediately or in the 3-5 period. It is important to identify the issues, but not the solutions or answers in this step. Issues can be phrased as statements or questions. Some examples of issues that could emerge during working group discussions are provided below.

Institutional issues: What would be a reasonable rate of staff expansion for the organization? What will be the degree of dependence by the Department of Extension on donor investments and when will it be phased out? What will be the degree of decentralization of decision-making authority in extension?

- *Economic and market issues*: How can research contribute to understanding market forces? What should be the nature of interaction with other regional and international research organizations given the current globalization situation?

- *Production and producer issues*: To what extent will the private commercial sector (input supply companies, etc.) take the research/service lead on specific commodities during the next 5 years? What should be the extent and type of farmer and other producer participation in research planning and technology selection?

Step 8 - Formulate the Strategies

Strategies are directions and plans taken in response to specific issues. The planning team should examine each issue statement defined in step 7, and through a process of discussion and propose strategies that address it. It is helpful to record the various comments that are made by participants. Both the issue statement and the strategy statements may need to be reworded/refined as a result of these discussions. It should be noted that not all issues can be

resolved at the organizational level; in such cases, the planning team can make recommendations for action by higher level authorities. The strategies will be more than general statements; a balance needs to be established between the detailed and the general. It is essential to keep the strategies realistic; actions that can have genuine impact.

Details such as individual responsibilities and deadlines for implementation should not appear in strategy statements since these are best included in an action plan (see step 9). They should, however, include sufficient information to provide direction. Issues and corresponding strategies should be phrased as sentences in the strategy document, as indicated in *Box 3* below. Given the rapidly changing and volatile environment for public sector agricultural research, an important option to be considered is contingency planning. Unanticipated political or economic events/situations can affect the future direction, well-being or even survival of an organization. Given this, some organizations may want to carry out a supplementary step where such possibilities are anticipated. One approach to contingency planning is summarized in *Annex 4*.

Step 9 – Define Strategic Adjustments and Actions

This step should begin with a characterization of the major adjustments to be made by the organization for its repositioning. Examples of major changes could include the following:

- The organization will shift to demand-driven research planning,
- It will look for alternative sources of funding,
- It will encourage the privatization of some research,
- It will re-orient its program content to emphasize poverty alleviation, environmental protection and economic growth,
- It will decentralize its research activities,

- It will emphasize internal and external stakeholder involvement in decision-making.

Following the general statements about repositioning, the details of strategic actions should be elaborated. This involves preparing a table (see example below) that specifies actions, assigns responsibilities and establishes times for their implementation. Since some strategies are constrained by external factors, their implementation will require assistance or intervention from higher levels influencing the research system (e.g. the Ministry, policy makers, governing bodies, etc.). Care should be taken to avoid using external constraints as an opportunity for not making the organizational adjustments that are possible.

If the strategic planning team is constrained by time deadlines, an abbreviated action plan can be prepared that covers the most urgent issues. To accomplish this, the team should review the complete list of issues and strategies. Based on discussion and consensus, it should then select the most important under each major category identified in step 7 (e.g. policy, sociopolitical, economic and market, institutional, etc).

If external intervention is necessary to address selected issues/strategies, the channel for activating assistance or intervention should be described, as well as the steps required to bring the matter to closure. The results of action planning should be drafted, and a final session held with upper management (the director, chairman of the board or governance body) to engage their commitment and support for the strategic adjustments and actions.

Any revisions should be included in the final draft of the strategy document. The actions planned should be communicated to internal and external stakeholders through seminars, presentations and meetings with key actors. This process should be followed at a later task (as soon as possible) by a comprehensive action plan that covers all the issues and strategies identified in steps 7 and 8. To distinguish between immediate (or urgent), medium and long-

term actions, strategies can be prioritized using a scoring approach. An effective procedure involves each team member providing a score (1=low priority; 3=medium priority; 5=high priority) for each strategy. High, medium and low ranges for the averages should be established; these will determine whether the strategies need to be implemented in the short, medium or long term. The results of scoring can be included in the strategy action plan (see column 2 in *Table 5.1*).

Step 10 - Report Preparation and Dissemination

Section 2 (organizing the process) describes a process action planning step and a strategy outline step. Preparation of the strategy document is based on these steps, where the structure of the report and the responsibilities for report preparation are defined. Assignments for drafting sections of the report should be shared by team members, and completion deadlines for each section specified in the process plan. Final editing of the report should be done by 2-3 members of the planning team, usually the team leader and the facilitator. It is recommended that the report be printed for distribution to partners and stakeholders. The strategy document is a record of the information compiled and the decisions made during strategic planning, and distribution of the document to stakeholders is a primary means of disseminating results. For this reason, sufficient copies should be printed (100-200) in an attractive format for provision to all major stakeholders, including donors and Government investors. The results should also be disseminated through briefings and presentations, to the staff of the focal organization and to Ministry level leadership. Summary PowerPoint presentations of less than 20 minutes have proven useful for this purpose. In addition, if the organization has a website, a summary of results can be made available through the Internet.

Follow-through: strategy implementation and adjustment

A strategic plan document is of little use to an organization unless there is follow-through on the decisions taken. There are essentially two aspects of follow-through: actions to implement the strategies and strategy reviews and updates. Procedures on developing action plans for implementing the strategies are discussed in Step 9. As noted, it is important that management endorse the actions and supervise/monitor their implementation. Strategic plans are sometimes neglected; for this reason assigning responsibilities for follow-through and monitoring progress is especially important. Ultimately the implementation of strategies is dependent on leadership commitment and support. Strategy reviews and updates are the second part of follow-through. Experience has shown that the pace of change in the external environment is rapid. For this reason, it is important to examine the strategy each 2-3 years by reviewing progress on the action plan, identifying reasons for failures (if any) of strategies, and re-examining the organization's external environment. These updates should be carried out by the organization's strategy team, and appropriate adjustments in strategies made based on the results. Any changes should be incorporated into a modified strategy document and communicated to relevant stakeholders.

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